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CITY OF LAPEER, MICHIGAN

COUNTY OF LAPEER

COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2004

INDEPENDENT AUDITORS' REPORT



**Layton & Richardson, P.C.**  
Certified Public Accountants

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

|   |                                  |   |                  |
|---|----------------------------------|---|------------------|
| Local Government Type<br><input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                                  | Local Government Name<br>City of Lapeer                         | County<br>Lapeer |
| Audit Date<br>6/30/04   | Opinion Date<br>October 18, 2004 | Date Accountant Report Submitted to State:<br>December 16, 2004 |                  |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

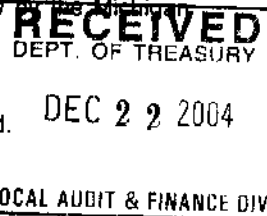
You must check the applicable box for each item below.

- ☒ yes ☐ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

|   | Enclosed                            | To Be Forwarded | Not Required                        |
|---|-------------------------------------|-----------------|-------------------------------------|
| The letter of comments and recommendations.                                   | <input checked="" type="checkbox"/> |                 |                                     |
| Reports on individual federal financial assistance programs (program audits). |                                     |                 | <input checked="" type="checkbox"/> |
| Single Audit Reports (ASLGU).   |                                     |                 | <input checked="" type="checkbox"/> |

|   |                      |             |              |
|---|----------------------|-------------|--------------|
| Certified Public Accountant (Firm Name)<br>Layton & Richardson P.C. |                      |             |              |
| Street Address<br>1000 Pontiac Road                                 | City<br>East Lansing | State<br>MI | ZIP<br>48823 |
| Accountant's Signature<br>C. C. Crouch                              |                      |             |              |



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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission  
City of Lapeer  
Lapeer, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Lapeer, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the Lapeer Housing Commission Fund, which should be included to conform with U.S. generally accepted accounting principles. The amounts by which the financial statements would change if this fund were included cannot be determined.

In our opinion, except for the departures described above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, the City of Lapeer, Michigan adopted the provision of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments Omnibus* and GASB 38, *Certain Financial Statement Notes Disclosures*, as of July 1, 2002.

The management's discussion and analysis and the required supplementary information on pages 3 through 16 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lapeer, Michigan's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 2004 on our consideration of the City of Lapeer, Michigan's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

  
Certified Public Accountants

East Lansing, Michigan  
October 18, 2004

## Management's Discussion and Analysis

Our discussion and analysis of the City of Lapeer's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- Due to State Budget cuts per Executive Order 2002-22 and changes to the Revenue Sharing Formula the city's State Revenue Sharing Funds continue to be reduced. The city received \$862,709 in FY 2003-2004 compared to \$889,506 in FY 2002-2003, this is a reduction of \$26,797 or 3%. When compared to State Revenue Sharing Funds received in Fiscal Year 2001-2002, actual State Revenue Sharing Funds received reduced from \$1,037,526 to \$862,709 or a reduction of \$174,817 or 16.9%.
- The city income tax revenue of \$2,164,036 in fiscal year 2003-2004 was \$113,214 (5.5%) more than the prior year revenue of \$2,050,822.
- Interest on investments in the General Fund were at \$19,1062 in fiscal year 2003-2004 compared to \$27,522 the prior year. This was a reduction of \$8,416 or 30.6%.
- The Water rate monthly charge was increased from \$3.46 to \$4.73. The volume charge remains the same at \$3.68 (per 1,000 gal). This rate change was effective for all billings after August 1, 2003.
- The city entered into several installment purchase contracts during the fiscal year which included \$46,000 for the purchase of computers and \$25,000 for the purchase of Police Vehicles.
- Webasto Thermosystems, Inc closed their plant as of October 15, 2003 to consolidate their operations in Fenton, Michigan. The plant was located in the Lapeer Industrial and Research Park which is within the Local Development Finance Authority district. The closing affected 71 employees.
- Urgent Design completed a plant expansion investing \$5,000,000 in real property and personal property. This expansion is estimated to create 15 additional jobs. ZF Lemforder Corporation completed a plant expansion investing \$38,000,000 in real and personal property. This expansion is estimated to create 90 additional jobs. Both of these plant expansions are located in the Lapeer Industrial and Research Park which is within the Local Development Finance Authority district.
- The WalMart store was demolished and a new Super WalMart was constructed on the site behind the original store. This was an \$8,300,000 investment and the additional jobs created are estimated to be 200.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements provide more detailed information about the City's most significant funds- not the City as a whole. These statements tell how these services were financed in the short term as well as what remains for future spending. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

#### Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.



These two statements report the City's *net assets* and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases* or *decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City:

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, public works, parks department, and general administration. Property taxes, income taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system and auto parking facilities are reported here.
- **Component units** – The City includes five separate legal entities in its report – Brownfield Redevelopment Authority, Downtown Development Authority, Economic Development Corporation, Local Development Finance Authority, and Tax Increment Finance Authority.

### **Reporting the City's Most Significant Funds**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes (like the Infrastructure Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Michigan State Housing Development Authority). The City's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.
- **Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's Motor Pool Fund.

## The City as Trustee

The City is the trustee, or *fiduciary*, for its Mt. Hope Cemetery Perpetual Care Fund. It is also responsible for other assets as an agent for others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CITY AS A WHOLE

Table 1 was summarized from the government-wide Statement of Net Assets. The City's combined net assets (for the primary government) increased from \$25,903,684 to \$27,483,820, an increase of \$1,580,136 or 6.1%. In the prior year the net assets increased from \$25,060,483 to \$25,903,684, an increase of \$843,201 or 3.4%. The net assets for the governmental activities increased from \$15,666,017 to \$16,437,861, an increase of 771,844 or 4.9%. In the prior year the net assets increased from \$14,699,890 to \$15,666,017, an increase of \$966,127 or 6.6%. The net assets for the business-type activities increased from \$10,237,667 to \$11,045,958, an increase of \$808,291 or 7.9%. In the prior year the net assets decreased from \$10,360,593 to \$10,237,667, a decrease of \$122,926 or 1.2%.

Table 1  
Net Assets  
(In Thousands)

|                             | Governmental<br>Activities<br>2004 | Business-type<br>Activities<br>2004 | Total<br>Primary<br>Government<br>2004 |
|-----------------------------|------------------------------------|-------------------------------------|--|
| Current and other assets    | \$ 7.2                             | \$ 2.6                              | \$ 9.8                                 |
| Capital assets              | <u>18.2</u>                        | <u>9.1</u>                          | <u>27.3</u>                            |
| Total assets                | <u>25.4</u>                        | <u>11.7</u>                         | <u>37.1</u>                            |
| Long-term debt              |                                    |                                     |  |
| Outstanding                 | 7.4                                | 0.4                                 | 7.8                                    |
| Other liabilities           | <u>1.6</u>                         | <u>0.2</u>                          | <u>1.8</u>                             |
| Total liabilities           | <u>9.0</u>                         | <u>0.6</u>                          | <u>9.6</u>                             |
| Net assets:                 |                                    |                                     |  |
| Invested in capital assets, |                                    |                                     |  |
| Net of debt                 | 10.7                               | 8.7                                 | 19.4                                   |
| Restricted                  | 1.5                                | 2.2                                 | 3.7                                    |
| Unrestricted (deficit)      | <u>4.2</u>                         | <u>0.2</u>                          | <u>4.4</u>                             |
| Total net assets            | \$ <u>16.4</u>                     | \$ <u>11.1</u>                      | \$ <u>27.5</u>                         |

Table 1  
Net Assets - Concluded  
(In Thousands)

|                             | Governmental<br>Activities | Business-type<br>Activities | Total<br>Primary<br>Government |
|-----------------------------|----------------------------|-----------------------------|--------------------------------|
|                             | 2003                       | 2003                        | 2003                           |
| Current and other assets    | \$ 8.1                     | \$ 2.0                      | \$ 10.1                        |
| Capital assets              | <u>17.2</u>                | <u>9.0</u>                  | <u>26.2</u>                    |
| Total assets                | <u>25.3</u>                | <u>11.0</u>                 | <u>36.3</u>                    |
| Long-term debt              |                            |                             |                                |
| Outstanding                 | 8.1                        | 0.4                         | 8.5                            |
| Other liabilities           | <u>1.5</u>                 | <u>0.4</u>                  | <u>1.9</u>                     |
| Total liabilities           | <u>9.6</u>                 | <u>0.8</u>                  | <u>10.4</u>                    |
| Net assets:                 |                            |                             |                                |
| Invested in capital assets, |                            |                             |                                |
| Net of debt                 | 16.8                       | 8.7                         | 25.4                           |
| Restricted                  | 1.0                        | 1.5                         | 2.5                            |
| Unrestricted (deficit)      | <u>( 2.1)</u>              | <u>0.0</u>                  | <u>( 2.1)</u>                  |
| Total net assets            | <u>\$ 15.7</u>             | <u>\$ 10.2</u>              | <u>\$ 25.9</u>                 |

#### Governmental Activities

As stated previously, the net assets of the City's governmental activities increased by \$771,843.82 or 4.9%. Unrestricted net assets – the part of net assets that can be used to finance day –to –day operations without constraints established by debt covenants, enabling legislation, or other legal requirements-is recorded as a surplus of \$4,152,988.36.

Table 2 was summarized from the government-wide Statement of Activities. This table summarizes the government-wide program revenues, other revenues, and expenses of the city.

Table 2  
Changes in Net Assets  
(In Millions)

|                                      | Governmental<br><u>Activities</u><br><u>2004</u> | Business-Type<br><u>Activities</u><br><u>2004</u> | Total<br>Primary<br><u>Government</u><br><u>2004</u> |
|--------------------------------------|--|---|--|
| Revenues:                            |  |   |  |
| Program revenues:                    |  |   |  |
| Charges for Services                 | \$ 2.7   | \$ 4.5  | \$ 7.2   |
| Operating grants and contributions   | 1.1  | 0.0   | 1.1  |
| General revenues:                    |  |   |  |
| Property taxes                       | 2.2  | 0.0   | 2.2  |
| Income Tax                           | 2.2  | 0.0   | 2.2  |
| Other taxes                          | 0.0  | 0.0   | 0.0  |
| Other                                | <u>0.8</u>                                       | <u>0.1</u>  | <u>0.9</u>   |
| Total Revenues                       | <u>9.0</u>                                       | <u>4.6</u>  | <u>13.6</u>  |
| Expenses:                            |  |   |  |
| General government                   | \$ 1.5   | \$ 0.0  | \$ 1.5   |
| Public safety                        | 2.2  | 0.0   | 2.2  |
| Public works                         | 0.6  | 0.0   | 0.6  |
| Community development and enrichment | 0.8  | 0.0   | 0.8  |
| Highway and streets                  | 1.3  | 0.0   | 1.3  |
| Culture and recreation               | 1.6  | 0.0   | 1.6  |
| Other                                | 0.6  | 0.0   | 0.6  |
| Interest on long-term Debt           | 0.3  | 0.0   | 0.3  |
| Water                                | 0.0  | 1.8   | 1.8  |
| Wastewater                           | 0.0  | 1.7   | 1.7  |
| Auto parking                         | <u>0.0</u>                                       | <u>0.1</u>  | <u>0.1</u>   |
| Total Expenses                       | <u>8.9</u>                                       | <u>3.6</u>  | <u>12.5</u>  |
| Increase in net assets               |  |   |  |
| Before transfers                     | 0.1  | 1.0   | 1.1  |
| Transfers                            | <u>0.6</u>                                       | <u>(0.1)</u>                                      | <u>0.5</u>   |
| Increase in Net Assets               | 0.7  | 0.9   | 1.6  |
| Net assets, July 1                   | 15.7   | 10.2  | 25.9   |
| Prior period adjustment              | <u>0.0</u>                                       | <u>0.0</u>  | <u>0.0</u>   |
| Net assets, June 30                  | <u>16.4</u>                                      | <u>11.1</u>                                       | <u>27.5</u>  |

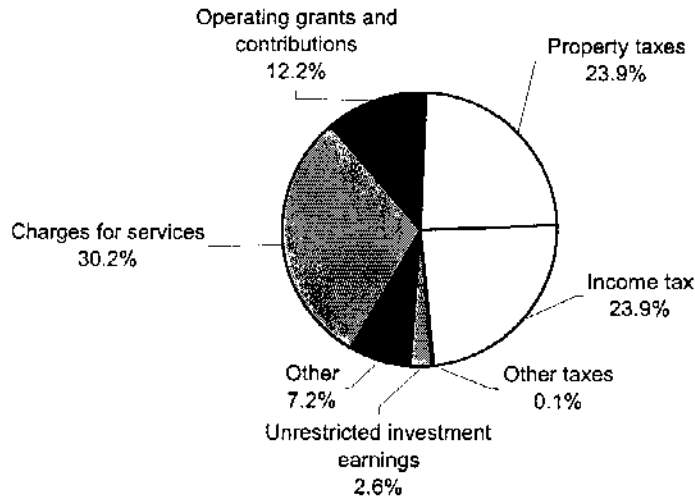
Table 2  
Changes in Net Assets  
(In Millions)

|   | Governmental<br>Activities<br><u>2003</u> | Business-Type<br>Activities<br><u>2003</u> | Total<br>Primary<br>Government<br><u>2003</u> |
|---|---|--|---|
| Revenues:                               |   |  |   |
| Program revenues:                       |   |  |   |
| Charges for Services                    | \$ 1.8                                    | \$ 4.2                                     | \$ 6.0  |
| Operating grants and<br>contributions   | 1.5                                       | 0.0  | 1.5   |
| General revenues:                       |   |  |   |
| Property taxes                          | 2.7                                       | 0.0  | 2.7   |
| Income Tax                              | 2.1                                       | 0.0  | 2.1   |
| Other taxes                             | 0.9                                       | 0.0  | 0.9   |
| Other                                   | <u>0.8</u>                                | <u>0.1</u>                                 | <u>0.9</u>                                    |
| Total Revenues                          | <u>9.8</u>                                | <u>4.3</u>                                 | <u>14.1</u>                                   |
| Expenses:                               |   |  |   |
| General government                      | \$ 2.1                                    | \$ 0.0                                     | \$ 2.1  |
| Public safety                           | 2.4                                       | 0.0  | 2.4   |
| Public works                            | 0.9                                       | 0.0  | 0.9   |
| Community development<br>and enrichment | 1.1                                       | 0.0  | 1.1   |
| Highway and streets                     | 0.8                                       | 0.0  | 0.8   |
| Culture and recreation                  | 1.7                                       | 0.0  | 1.7   |
| Other                                   | 0.3                                       | 0.0  | 0.3   |
| Interest on long-term<br>Debt           | 0.3                                       | 0.0  | 0.3   |
| Water                                   | 0.0                                       | 1.8  | 1.8   |
| Wastewater                              | 0.0                                       | 1.8  | 1.8   |
| Auto parking                            | <u>0.0</u>                                | <u>0.1</u>                                 | <u>0.1</u>                                    |
| Total Expenses                          | <u>9.6</u>                                | <u>3.7</u>                                 | <u>13.3</u>                                   |
| Increase in net assets                  |   |  |   |
| Before transfers                        | 0.2                                       | 0.6  | 0.8   |
| Transfers                               | <u>0.8</u>                                | <u>(0.7)</u>                               | <u>0.1</u>                                    |
| Increase in Net Assets                  | 1.0                                       | (0.1)                                      | 0.9   |
| Net assets, July 1                      | 14.7                                      | 10.4                                       | 25.1  |
| Prior period adjustment                 | <u>0.0</u>                                | <u>(0.1)</u>                               | <u>(0.1)</u>                                  |
| Net assets, June 30                     | <u>15.7</u>                               | <u>10.2</u>                                | <u>25.9</u>                                   |

The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the governmental activities.

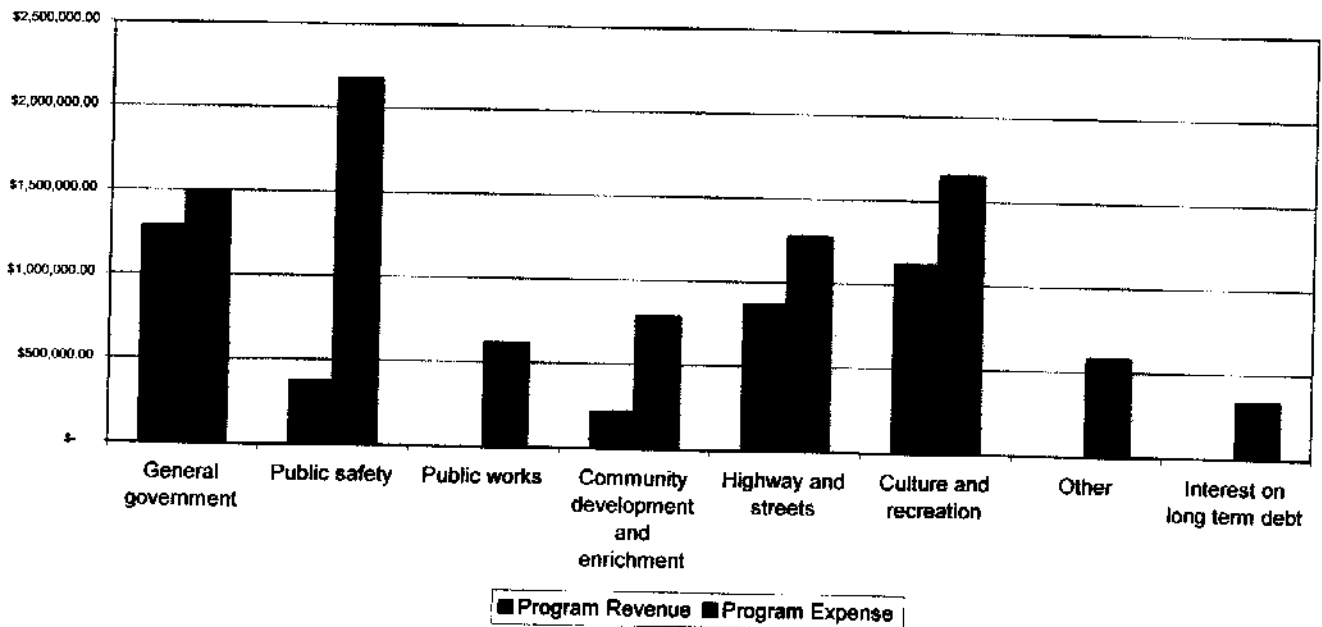
**FY 2003-2004**

**Revenues by Source - Governmental Activities**



Total revenue from all sources totaled \$13.6 million of which 9.0 million was from governmental activities and 4.6 million was from business-type activities. In the prior year, total revenue from all sources totaled \$14.1 million of which 9.8 million was from governmental activities and 4.3 million was from business-type activities. This results in a decrease in total revenue from all sources of \$0.5 million or 3.5%. The governmental activities revenue decreased \$0.8 million or 8.2% while the business-type activities revenue increased \$0.3 or 7.0%. The governmental activities received 23.9% or 2.2 million from property taxes. The millage rate of 8.7911 remained unchanged from the prior year and marks the 15<sup>th</sup> consecutive year the city has maintained this millage. The city also received 23.9% or 2.2 million from income tax revenue. 30.2% of governmental activity was funded from charges for services. 12.2% of governmental activity was funded from operating grants and contributions. The remaining 9.9% of revenue is from unrestricted investment earnings, other taxes which is the state shared sales tax revenue and other revenue.

## Expenses and Program Revenues - Governmental Activities



The governmental activities of the city had an expense of \$8.9 million dollars for the past fiscal year. Due to utilizing full accrual on the government-wide statements, the expenditures for capital assets including infrastructure are not recorded as expenses in the current year but are capitalized on the Statement of Net Assets and are depreciated over the useful life of the asset. Only the current year depreciation would be included as an expense.

The \$8.9 million for governmental activities is funded from \$3.8 million in program revenues. The balance of this cost is funded from taxes and other revenues. The largest expenditures for governmental activities occur in public safety at \$2.2 million, culture and recreation at \$1.6 million, general government at \$1.5 million and highways and streets at \$1.3 million. The program revenues received as a percentage of the expense for these activities are 86% for general government, 17% for public safety, 68% for highways and streets, and 68% for culture and recreation.

Other governmental activity expenditures are Community development and enrichment, \$0.8 million, public works, \$0.6 million, Interest on long-term debt, \$0.3 million, and Other, \$0.6 million.

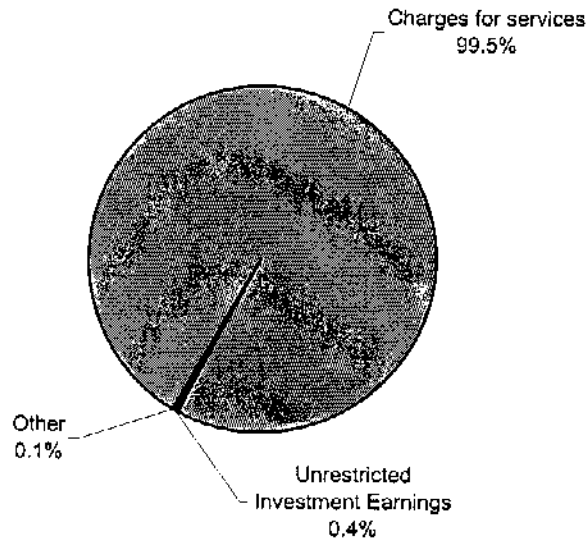
### Business-type Activities

The net assets of the City's business-type activities decreased by \$122,926.21 or 1.2%. This decrease was due primarily to the transfer of \$233,572 from the Wastewater Fund to the 1991 Refunding Bond Fund. This transfer was made in order to call the bonds and redeem them one year prior to final maturity. This resulted in gross interest savings of \$15,040.

The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the business-type activities.

## FY 2003-2004

### Revenues by Source - Business-type Activities

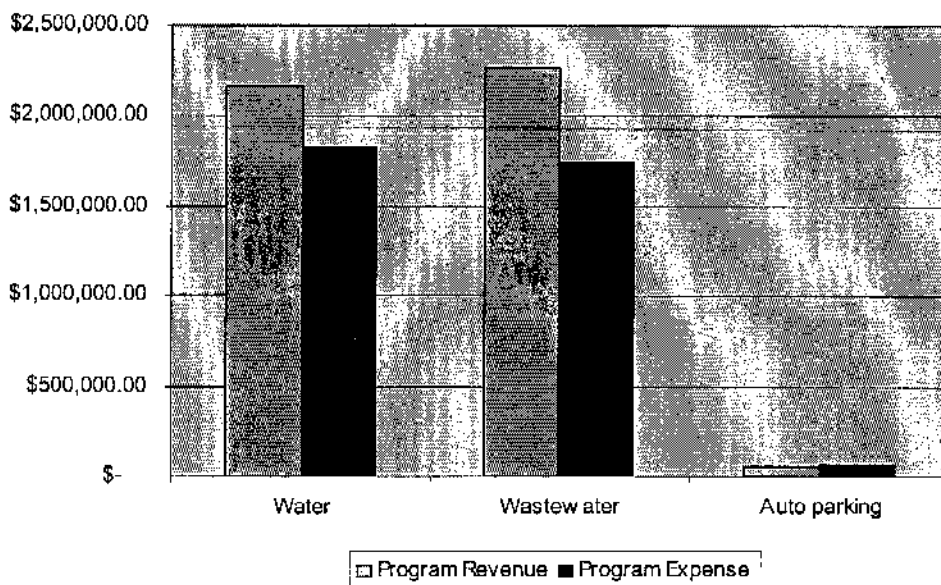


The largest source of revenue for the business-type activities is charges for services which represents 99.5% of the total revenue. The business-type activities include the water fund, wastewater fund, and auto parking fund. The total revenue received was \$4.6 million or \$4.5 million from charges for services.

The water fund had a user rate increase that went into effect for all billings on or after August 1, 2003. The new rate set for the water fund was a \$4.73 monthly charge which is an increase of \$1.27 per month. The volume charge remained the same at \$3.68 (per 1,000 gallons).

## FY 2003-2004

### Expense and Program Revenues - Business-type Activities





The city is a member of the Greater Lapeer County Utilities Authority (G.L.C.U.A.) which purchases its water from the Detroit Water System. The city's water fund received an 8.9% increase in rates from the Detroit Water System effective July 1, 2003. The water fund total operating expenses were \$1.8 million compared to \$2.2 million in program revenues. The purchase of water for this fiscal year was \$906,290 and represents 49% of the funds operating expenses.

The wastewater fund total operating expenses were \$1.7 million compared to \$2.3 million in program revenues.

## **THE CITY'S FUNDS**

The general fund revenue was \$6.1 million an increase of \$28 thousand from the prior year. The expenditures were \$4.7 million compared to \$4.8 million the prior year, or a decrease of \$128 thousand. The net transfers to other funds were \$1.1 million compared to \$1.5 million the prior year, or a decrease of \$360 thousand. The unreserved fund balance increased from \$942,186.85 to \$1,290,119.67 or an increase of \$347,932.82 or 36.9%. In the prior year, the unreserved fund balance reduced from \$1,074,294.40 to \$942,186.85 or a reduction of \$132,107.55 or 12.3%.

The Major Street fund continued the work on the Downtown Improvement project which included milling and resurfacing Nepessing Street, replacement of curb and gutter, sidewalk, landscaping, lighting and gateway project. The construction cost for this project in this fiscal year was \$691,963. The McCormick Street Resurfacing project incurred cost in the amount of \$323,551. The M-24/Demille Intersection Improvements incurred a cost of \$235,926 which was funded by Transfers in from TIFA 1 in the amount of \$134,765 and TIFA 2 in the amount of \$101,161. This fund receives revenues from grants, donations, and transfers from bond construction funds which vary greatly from year to year. In the current year the total revenues were \$0.7 million, the expenditures were \$1.9 million, and the net transfers in were \$0.6 million. The fund balance decreased from \$1,165,612 to \$574,496 or a decrease of \$591,116 or 50.7%. In the prior year, the fund balance increased from \$914,033 to \$1,165,612 or an increase of \$251,579.

The Park Fund revenues increased from \$1.1 million to \$1.3 million, an increase of \$136,502, or 12% from the prior year. This increase is due to donations in the amount of \$121,597 which was primarily for the Prairies and Ponds Project and charges for services which increased by \$52,716. In the prior year the revenues decreased from \$1.2 million to \$1.1, a decrease of \$85,978 or 7%. The expenditures increased from \$1.6 million to \$1.8 million, an increase of \$234,321 or 15%. This increase is due to capital expenditures for the Prairies and Ponds project in the amount of \$171,745, Park Building replacement in the amount of \$57,570 and the Depot Historic Preservation project in the amount of \$19,756. In the prior year the expenditures increased from \$1.5 million to \$1.6 million, an increase of \$55,495 or 3.7%. The net transfers increased from \$373 thousand to \$504 thousand an increase of \$130,641 or 35%. In the prior year, the net transfers in amounted to \$373 thousand which was an increase of \$187,614 from the prior year. The fund balance reduced from \$56 thousand to \$39 thousand or a reduction of \$17 thousand. In the prior year, the fund balance reduced from \$112 thousand to \$56 thousand or a reduction of \$56 thousand.

## **General Fund Budgetary Highlights**

The difference between the original budget and the amended budget was an increase of \$60,336 or 0.94%, which is summarized as follows:

- \$25,221 increase to provide additional funding for anticipated overages in the Park Fund.
- \$15,571 increase to the Housing Department to provide funding for Wages and Benefits for MSHDA Section 8 voucher program.
- \$13,401 increase to provide funding for a part time position in the Cemetery Fund.
- \$4,000 increase to the Department of Public Works to provide funding for processing compost.
- \$1,860 increase to the Fire Department Budget for donations received for Fire Prevention.
- \$283 increase to reimburse the Police Overtime Account for overtime to provide police officers for School and Community Events.

Of the increases in the budget, the \$15,571 for the Wages and Benefits for the MSHDA Section 8 voucher program is from grant funds. The \$1,860 increase in the Fire Department budget was funded from donations. The \$283 increase in budget for the Police Overtime was funded from charges for services. The remaining increases were funded from available fund balance.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City of Lapeer's investment in capital assets for its governmental and business type activities as of June 30, 2004, amounts to \$27,286,765 (net of accumulated depreciation). This is an increase of \$1,039,804 over the prior year amount of \$26,246,961. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Lapeer's investment in capital assets for the current fiscal year was 4.0 percent (a 5.7 percent increase for governmental activities and a 0.7 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction was substantially complete on the Downtown Improvement Project which included the installation of water main, storm sewer, resurfacing of Nepessing Street including curb and gutter, sidewalk improvements, lighting and landscaping. The city investment in these improvements this fiscal year amounted to \$885,788. The Downtown Gateway portion of the project consisted of three (3) entrance signs to the city's downtown at a cost of \$439,990 in this fiscal year.
- McCormick Street Resurfacing project was completed at a cost of \$323,551.
- M-24/Demille Intersection improvements at a cost of \$235,926).
- Prairies and Ponds project was completed at a cost of \$171,745.
- Various water main projects were under construction and included the Adams Street watermain (\$14,412), Jefferson Street watermain (\$11,324), and Nepessing Street watermain (\$312,568).
- Various sewer projects were under construction and included Jefferson Street sewer (\$11,269) and Nepessing Street sewer (\$25,773).
- Various sidewalk improvements in the amount of \$37,970.

## Debt

At year-end, the City of Lapeer's (excluding component units) total bonded debt outstanding was at \$8.5 million versus \$9.8 million last year – a decrease of \$1,265,795 or 12.9%- as shown in Table 3.

Table 3  
Outstanding Debt at Year-End  
(In Millions)

|   | Governmental<br>Activities |       | Business-type<br>Activities |       | Totals |        |
|---|----------------------------|-------|-----------------------------|-------|--------|--------|
|   | 2004                       | 2003  | 2004                        | 2003  | 2004   | 2003   |
| General obligation bonds<br>(backed by the City)                        | \$ 5.5                     | \$5.9 | \$0.0                       | \$0.0 | \$ 5.5 | \$ 5.9 |
| Special assessment bonds<br>(with city commitment)                      | \$ 1.9                     | \$2.2 | \$0.0                       | \$0.0 | \$ 1.9 | \$ 2.2 |
| Revenue bonds and notes<br>(backed by specific tax<br>and fee revenues) | \$ 0.0                     | \$0.0 | \$0.4                       | \$0.4 | \$ 0.4 | \$ 0.4 |
| Totals  | \$ 7.4                     | \$8.1 | \$0.4                       | \$0.4 | \$ 7.8 | \$ 8.5 |

The 1994 Special Assessment bond originally issued in the amount of \$645,000 was paid in full on January 1, 2004. The city issued the 2003 General Obligation Bond in the amount of \$225,000 and the 2003 Special Assessment bond in the amount of \$205,000. These bonds were issued to fund the cost of the McCormick Street Resurfacing project. Additionally, the city entered into several Equipment Financing Contracts for the purchase of Computers (\$46,000) and Police Vehicles (\$25,000).

Regarding the component unit's debt, the Tax Increment Finance Authority has the 1998 Tax Increment Financing Revenue Refunding Bond with the outstanding balance of \$3,880,000. The balance at the beginning of the fiscal year was \$4,325,000 which results in debt reduction of \$445,000 or 10.3%. On the financial statements this is shown net of the unamortized discount of \$45,840. The Downtown Development Authority has agreed to pay a portion of the 2002 General Obligation Bond which was issued for the Downtown Improvement Project. Their share of this debt at the end of the fiscal year is \$177,966. The balance at the beginning of the fiscal year was \$194,915 which results in debt reduction of \$16,949 or 8.7%.

The City's general obligation bond rating continues to carry a Baa from Moody's Investor Services and BBB+ from Standard & Poor's, ratings that have been assigned by these national rating agencies to the City's debt since 1993. The City's other debt – principally, revenue bonds – carries a BBB- rating. The State limits the amount of general obligation debt that cities can issue to 10 percent of State Equalized Value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below this \$23.0 million state-imposed limit.

Other obligations include accrued vacation and sick leave. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The Unemployment rate for the City of Lapeer is at 8.5 percent which is an increase of 1.4 percent from the prior year unemployment rate of 9.9 percent. This compares favorably to the state's unemployment rate of 6.8 percent and the national rate of 5.8 percent. In the prior year the state unemployment rate was 7.6 percent and the national rate was 6.5 percent
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the City of Lapeer's budget for Fiscal Year 2004-2005.

During the current fiscal year, the unreserved fund balance increased from \$942,187 to \$1,290,120, an increase of \$347,933 or 36.9%. In the prior year, the unreserved fund balance decreased from \$1,074,294 to \$942,187, a decrease of \$132,107 or 12.3%. The current year unreserved fund balance of \$1,290,120 is \$294,366 higher than the \$995,754 which was projected during the Fiscal Year 2004-2005 budget review. The City of Lapeer is anticipating a surplus in the amount of \$23,331 for the 2004-2005 fiscal year.

As part of the Fiscal Year 2004-2005 budget the City of Lapeer will transfer \$207,825 from the Land Acquisition Fund, and eliminate the contribution to the Capital Improvement Fund of \$219,805. Additionally, the city will return to the General Fund contributed capital from the Parking Fund (\$6,551), Wastewater Fund (\$318,572), Water Fund (\$164,174), and Motor Pool Fund (\$64,690).

The Water rates were increased for Fiscal Year 2003-2004 while the Sewer rates remain unchanged. The water rates were increased an average of 5.28% with the monthly charge increasing from \$3.46 to \$4.73 and the volume charge remaining unchanged at \$3.68 per 1,000 gallons. The rate increase was effective for all billings after August 1, 2003. This change was necessary due to the increase from the Detroit Water System in which their rate increased from \$11.90 per 1,000 cubic feet to \$12.96 per 1,000 cubic feet or an 8.91% increase. The sewer rates for Fiscal Year 2003-2004 remain unchanged with the monthly charge at \$3.36 and the volume charge at \$3.90 per 1,000 gallons.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Lapeer's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lapeer, Director of Financial Services, 576 Liberty Park, Lapeer, MI 48446.

## GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

|   | GOVERNMENTAL<br>ACTIVITIES  | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                       | COMPONENT<br>UNITS         |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| <b>ASSETS</b>                                     |                             |                             |                             |                            |
| Cash  | \$ 3,146,588.34             | \$ 315,939.97               | \$ 3,462,528.31             | \$ 1,622,691.69            |
| Investments                                       | 1,620,000.00                |                             | 1,620,000.00                |                            |
| Receivables                                       |                             |                             |                             |                            |
| Notes   |                             |                             |                             | 219,182.02                 |
| Taxes   | 176,508.68                  |                             | 176,508.68                  |                            |
| Accounts  | 355,420.83                  | 381,082.35                  | 736,503.18                  |                            |
| Special assessments                               | 1,266,728.12                |                             | 1,266,728.12                |                            |
| Deposits  |                             | 43,784.34                   | 43,784.34                   |                            |
| Prepaid expenses                                  | 144,119.72                  | 37,581.36                   | 181,701.08                  |                            |
| Due from  |                             |                             |                             |                            |
| Other funds                                       | 301,144.35                  | 5,138.27                    | 306,282.62                  | 7,053.25                   |
| State   | 226,035.56                  |                             | 226,035.56                  |                            |
| Other governmental units                          | 9,735.78                    |                             | 9,735.78                    |                            |
| Inventory   | 33,065.02                   | 45,213.16                   | 78,278.18                   |                            |
| Restricted assets                                 |                             |                             |                             |                            |
| Cash and investments                              |                             | 1,734,911.46                | 1,734,911.46                | 960,608.35                 |
| Bond discount                                     |                             | 5,604.27                    | 5,604.27                    |                            |
| Fixed assets (net of<br>accumulated depreciation) | <u>18,177,335.77</u>        | <u>9,109,429.05</u>         | <u>27,286,764.82</u>        | <u>5,269,969.61</u>        |
| <br>TOTAL ASSETS                                  | <br>\$ <u>25,456,682.17</u> | <br>\$ <u>11,678,684.23</u> | <br>\$ <u>37,135,366.40</u> | <br>\$ <u>8,079,504.92</u> |

See accompanying notes to financial statements.

|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                   | COMPONENT<br>UNITS     |
|--|----------------------------|-----------------------------|-------------------------|------------------------|
| <b>LIABILITIES</b>                                 |                            |                             |                         |                        |
| Current liabilities                                |                            |                             |                         |                        |
| Payables   |                            |                             |                         |                        |
| Accounts   | \$ 349,915.93              | \$ 203,381.96               | \$ 553,297.89           | \$ 306.25              |
| Payroll and payroll taxes                          | 204,781.42                 | 49,043.83                   | 253,825.25              |                        |
| Due to   |                            |                             |                         |                        |
| State  | 189,806.43                 |                             | 189,806.43              |                        |
| Other units  | 130,829.49                 |                             | 130,829.49              |                        |
| Other funds  | 7,053.25                   |                             | 7,053.25                | 270,468.95             |
| Accrued interest                                   | 97,169.23                  |                             | 97,169.23               | 18,604.42              |
| Deposits payable                                   | 48,765.75                  | 5,300.00                    | 54,065.75               | 5,163.00               |
| Bonds and notes payable                            | 1,216,914.81               | 60,000.00                   | 1,276,914.81            | 520,338.98             |
| Noncurrent liabilities                             |                            |                             |                         |                        |
| Bonds and notes payable                            | 6,217,447.52               | 315,000.00                  | 6,532,447.52            | 3,491,787.11           |
| Accrued sick and vacation pay                      | 556,137.08                 |                             | 556,137.08              |                        |
| <b>TOTAL LIABILITIES</b>                           | <u>9,018,820.91</u>        | <u>632,725.79</u>           | <u>9,651,546.70</u>     | <u>4,306,668.71</u>    |
| <b>NET ASSETS</b>                                  |                            |                             |                         |                        |
| Invested in capital assets,<br>net of related debt | 10,742,973.44              | 8,745,223.97                | 19,488,197.41           | 1,207,843.52           |
| Restricted for                                     |                            |                             |                         |                        |
| Receivables  | 125,691.59                 |                             | 125,691.59              |                        |
| Prepaid expenses                                   | 105,642.91                 | 37,581.36                   | 143,224.27              |                        |
| Inventory  | 9,395.17                   | 45,213.16                   | 54,608.33               |                        |
| Operation and maintenance                          |                            | 260,235.21                  | 260,235.21              |                        |
| Bond and interest redemption                       |                            | 52,282.29                   | 52,282.29               |                        |
| Replacement  |                            | 1,672,411.46                | 1,672,411.46            |                        |
| Improvements                                       |                            | 25,000.00                   | 25,000.00               |                        |
| Cemetery Perpetual Care                            | 150,231.27                 |                             | 150,231.27              |                        |
| Debt service                                       | 1,150,938.52               |                             | 1,150,938.52            |                        |
| Unrestricted                                       | 4,152,988.36               | 208,010.99                  | 4,360,999.35            | 2,564,992.69           |
| <b>TOTAL NET ASSETS</b>                            | <u>16,437,861.26</u>       | <u>11,045,958.44</u>        | <u>27,483,819.70</u>    | <u>3,772,836.21</u>    |
| <b>TOTAL LIABILITIES<br/>AND NET ASSETS</b>        | <u>\$ 25,456,682.17</u>    | <u>\$ 11,678,684.23</u>     | <u>\$ 37,135,366.40</u> | <u>\$ 8,079,504.92</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

| FUNCTIONS/PROGRAMS                         | EXPENSES                | PROGRAM REVENUES           |  |
|--|-------------------------|----------------------------|--|
|  |                         | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS |
| Primary Government                         |                         |                            |  |
| Governmental activities                    |                         |                            |  |
| General government                         | \$ 1,494,498.29         | \$ 1,281,709.97            | \$                                       |
| Public safety                              | 2,167,292.28            | 331,382.74                 | 39,228.22                                |
| Public works                               | 614,725.61              |                            |  |
| Community development<br>and enrichment    | 781,981.16              | 8,375.70                   | 202,002.67                               |
| Highways and streets                       | 1,271,003.48            |                            | 862,617.97                               |
| Culture and recreation                     | 1,648,332.55            | 1,115,972.67               |  |
| Other                                      | 578,182.37              |                            |  |
| Interest on long-term debt                 | 331,351.20              |                            |  |
| Total governmental activities              | <u>8,887,366.94</u>     | <u>2,737,441.08</u>        | <u>1,103,848.86</u>                      |
| Business-type activities                   |                         |                            |  |
| Water                                      | 1,833,083.18            | 2,166,926.55               |  |
| Wastewater                                 | 1,735,099.42            | 2,264,791.34               |  |
| Auto parking                               | 70,369.82               | 51,750.56                  |  |
| Total business-type activities             | <u>3,638,552.42</u>     | <u>4,483,468.45</u>        |  |
| Total primary government                   | <u>\$ 12,525,919.36</u> | <u>\$ 7,220,909.53</u>     | <u>\$ 1,103,848.86</u>                   |
| Component units                            |                         |                            |  |
| Tax increment financing authority          | \$ 440,802.29           | \$                         | \$                                       |
| Downtown development authority             | 101,447.61              |                            | 900.00                                   |
| Local development financing authority      | 43,515.90               |                            |  |
| Economic development corporation           | 346.00                  |                            |  |
| Total Component Units                      | <u>\$ 586,111.80</u>    | <u>\$</u>                  | <u>\$ 900.00</u>                         |
| General Revenues                           |                         |                            |  |
| Property taxes levied for general purposes |                         |                            |  |
| Property taxes levied for debt service     |                         |                            |  |
| Income tax                                 |                         |                            |  |
| Miscellaneous                              |                         |                            |  |
| Alcoholic beverage taxes                   |                         |                            |  |
| Unrestricted investment earnings           |                         |                            |  |
| Gain on sale of capital assets             |                         |                            |  |
| Transfers                                  |                         |                            |  |
| Total General Revenues and Transfers       |                         |                            |  |
| Change in Net Assets                       |                         |                            |  |
| Net Assets, July 1                         |                         |                            |  |
| Net Assets, June 30                        |                         |                            |  |



| PROGRAM<br>REVENUES<br>CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | NET (EXPENSE) REVENUE AND<br>CHANGES IN NET ASSETS |                                |                  |                    |
|---|--|--------------------------------|------------------|--------------------|
|   | PRIMARY GOVERNMENT                                 |                                |                  | COMPONENT<br>UNITS |
|   | GOVERNMENTAL<br>ACTIVITIES                         | BUSINESS<br>TYPE<br>ACTIVITIES | TOTAL            |                    |
| \$  | \$ (212,788.32)                                    | \$                             | \$ (212,788.32)  | \$                 |
|   | (1,796,681.32)                                     |                                | (1,796,681.32)   |                    |
|   | (614,725.61)                                       |                                | (614,725.61)     |                    |
|   | (571,602.79)                                       |                                | (571,602.79)     |                    |
|   | (408,385.51)                                       |                                | (408,385.51)     |                    |
|   | (532,359.88)                                       |                                | (532,359.88)     |                    |
|   | (578,182.37)                                       |                                | (578,182.37)     |                    |
|   | (331,351.20)                                       |                                | (331,351.20)     |                    |
|   | (5,046,077.00)                                     |                                | (5,046,077.00)   |                    |
|   |  | 333,843.37                     | 333,843.37       |                    |
|   |  | 529,691.92                     | 529,691.92       |                    |
|   |  | (18,619.26)                    | (18,619.26)      |                    |
|   |  | 844,916.03                     | 844,916.03       |                    |
| \$  | (5,046,077.00)                                     | 844,916.03                     | (4,201,160.97)   |                    |
| \$  |  |                                |                  | (440,802.29)       |
|   |  |                                |                  | (100,547.61)       |
|   |  |                                |                  | (43,515.90)        |
|   |  |                                |                  | (346.00)           |
| \$  |  |                                |                  | (585,211.80)       |
|   | 2,129,749.74                                       |                                | 2,129,749.74     | 988,567.01         |
|   | 36,740.99  |                                | 36,740.99        |                    |
|   | 2,164,035.74                                       |                                | 2,164,035.74     |                    |
|   | 648,451.96   | 3,819.52                       | 652,271.48       | 63,245.87          |
|   | 9,220.20   |                                | 9,220.20         | 21,627.11          |
|   | 239,614.30   | 16,947.72                      | 256,562.02       |                    |
|   | 2,291.73   |                                | 2,291.73         |                    |
|   | 587,816.16   | (57,391.87)                    | 530,424.29       | (513,475.14)       |
|   | 5,817,920.82                                       | (36,624.63)                    | 5,781,296.19     | 559,964.85         |
|   | 771,843.82   | 808,291.40                     | 1,580,135.22     | (25,246.95)        |
|   | 15,666,017.44                                      | 10,237,667.04                  | 25,903,684.48    | 3,798,083.16       |
| \$  | \$ 16,437,861.26                                   | \$ 11,045,958.44               | \$ 27,483,819.70 | \$ 3,772,836.21    |

## CITY OF LAPEER, MICHIGAN

## BALANCE SHEET

## GOVERNMENTAL FUNDS

JUNE 30, 2004

## ASSETS

|                          | GENERAL         | MAJOR<br>STREET | PARKS AND<br>RECREATION |
|--------------------------|-----------------|-----------------|-------------------------|
| ASSETS                   |                 |                 |                         |
| Cash                     | \$ 478,686.27   | \$ 234,579.54   | \$ 182,900.49           |
| Investments              | 1,020,000.00    |                 |                         |
| Receivables              |                 |                 |                         |
| Taxes                    | 176,508.68      |                 |                         |
| Accounts                 | 124,986.71      | 37,290.35       | 20,345.92               |
| Special assessments      |                 |                 |                         |
| Due from                 |                 |                 |                         |
| Other funds              | 81,476.03       | 259,132.06      | 5,916.53                |
| State                    | 119,431.00      | 82,396.63       |                         |
| Other governmental units | 9,735.78        |                 |                         |
| Inventory                | 9,395.17        |                 |                         |
| Prepaid expenses         | 105,642.91      | 562.48          | 15,955.85               |
| TOTAL ASSETS             | \$ 2,125,862.55 | \$ 613,961.06   | \$ 225,118.79           |

## LIABILITIES AND FUND EQUITY

|  |                 |               |               |
|--|-----------------|---------------|---------------|
| LIABILITIES                            |                 |               |               |
| Payables                               |                 |               |               |
| Accounts                               | \$ 78,369.29    | \$ 35,179.55  | \$ 141,460.21 |
| Payroll and payroll taxes              | 142,732.27      | 4,285.39      | 44,630.53     |
| Due to                                 |                 |               |               |
| State                                  | 189,806.43      |               |               |
| Other units                            | 130,829.49      |               |               |
| Other funds                            | 4,509.98        |               |               |
| Deferred revenue                       |                 |               |               |
| Deposits payable                       | 48,765.75       |               |               |
| TOTAL LIABILITIES                      | 595,013.21      | 39,464.94     | 186,090.74    |
| FUND BALANCE                           |                 |               |               |
| Reserved for receivables               | 125,691.59      |               |               |
| Reserved for cemetery perpetual care   |                 |               |               |
| Reserved for prepaid expenses          | 105,642.91      |               |               |
| Reserved for inventory                 | 9,395.17        |               |               |
| Reserved for debt service              |                 |               |               |
| Unreserved, reported in                |                 |               |               |
| General fund                           | 1,290,119.67    |               |               |
| Special revenue funds                  |                 | 574,496.12    | 39,028.05     |
| Permanent fund                         |                 |               |               |
| Capital projects funds                 |                 |               |               |
| TOTAL FUND BALANCES                    | 1,530,849.34    | 574,496.12    | 39,028.05     |
| TOTAL LIABILITIES AND<br>FUND BALANCES | \$ 2,125,862.55 | \$ 613,961.06 | \$ 225,118.79 |

See accompanying notes to financial statements.

| 1998<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2002<br>SPECIAL<br>ASSESSMENT<br>BONDS | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS  |
|--|--|--------------------------------|---------------------------------|
| \$ 296,779.82                          | \$ 104,301.63                          | \$ 1,723,339.49<br>300,000.00  | \$ 3,020,587.24<br>1,320,000.00 |
|  |  |                                | 176,508.68                      |
|  |  | 172,628.60                     | 355,251.58                      |
| 707,100.18                             | 211,395.28                             | 348,232.66                     | 1,266,728.12                    |
|  | 13,035.76                              | 21,732.21                      | 381,292.59                      |
|  |  | 24,207.93                      | 226,035.56                      |
|  |  |                                | 9,735.78                        |
|  |  |                                | 9,395.17                        |
|  |  | 9,794.53                       | 131,955.77                      |
| <u>\$ 1,003,880.00</u>                 | <u>\$ 328,732.67</u>                   | <u>\$ 2,599,935.42</u>         | <u>\$ 6,897,490.49</u>          |
| \$                                     | \$                                     | \$ 75,692.41<br>7,930.09       | \$ 330,701.46<br>199,578.28     |
|  |  |                                | 189,806.43                      |
|  |  |                                | 130,829.49                      |
|  |  | 74,720.43                      | 79,230.41                       |
| 707,100.18                             | 211,395.28                             | 348,232.66                     | 1,266,728.12                    |
|  |  |                                | 48,765.75                       |
| <u>707,100.18</u>                      | <u>211,395.28</u>                      | <u>506,575.59</u>              | <u>2,245,639.94</u>             |
|  |  |                                | 125,691.59                      |
|  |  | 150,231.27                     | 150,231.27                      |
|  |  |                                | 105,642.91                      |
|  |  |                                | 9,395.17                        |
|  |  | 736,821.31                     | 736,821.31                      |
| 296,779.82                             | 117,337.39                             |                                | 414,117.21                      |
|  |  |                                | 1,290,119.67                    |
|  |  | 436,440.63                     | 1,049,964.80                    |
|  |  | 340.99                         | 340.99                          |
|  |  | 769,525.63                     | 769,525.63                      |
| <u>296,779.82</u>                      | <u>117,337.39</u>                      | <u>2,093,359.83</u>            | <u>4,651,850.55</u>             |
| <u>\$ 1,003,880.00</u>                 | <u>\$ 328,732.67</u>                   | <u>\$ 2,599,935.42</u>         | <u>\$ 6,897,490.49</u>          |

**CITY OF LAPEER, MICHIGAN**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

|  |    |                   |                             |
|--|----|-------------------|-----------------------------|
| Total fund balances-governmental funds   |    | \$                | 4,651,850.55                |
| Amounts reported for governmental activities<br>in the statement of net assets are different because   |    |                   |                             |
| Capital assets used in governmental activities are not financial<br>resources and therefore are not reported as assets in<br>governmental funds. The cost of the assets is \$22,777,785.42<br>and the accumulated depreciation is \$5,008,169.92 |    |                   | 17,769,615.50               |
| An internal service fund is used by the City's management to charge the<br>costs of vehicle use to the individual funds. The assets and liabilities<br>of the internal service fund are included with governmental activities.                   |    |                   | 626,678.42                  |
| Long-term liabilities, including bonds payable,<br>are not due and payable in the current period<br>and therefore are not reported as liabilities in the funds.  |    |                   |                             |
| Long-term liabilities at year-end consist of:  |    |                   |                             |
| Bonds payable  | \$ | 7,007,033.91      |                             |
| Accrued interest   |    | 97,169.23         |                             |
| Contracts payable  |    | 216,671.11        |                             |
| Compensated absences   |    | <u>556,137.08</u> | (7,877,011.33)              |
| Revenues in the statement of activities that do not provide current<br>financial resources are not reported as revenues in the funds   |    |                   | <u>1,266,728.12</u>         |
| <b>TOTAL NET ASSETS-GOVERNMENTAL ACTIVITIES</b>  |    | <b>\$</b>         | <b><u>16,437,861.26</u></b> |

See accompanying notes to financial statements.

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|  | GENERAL                | MAJOR<br>STREET       | PARKS AND<br>RECREATION |
|--|------------------------|-----------------------|-------------------------|
| REVENUES   |                        |                       |                         |
| Taxes and special assessments  | \$ 4,293,785.48        | \$                    | \$                      |
| Licenses and permits   | 4,188.00               |                       |                         |
| Intergovernmental  | 930,137.04             | 720,177.61            |                         |
| Charges for services   | 682,939.03             |                       | 1,077,490.57            |
| Fines and forfeits   | 63,256.68              |                       |                         |
| Interest and rentals   | 63,979.43              | 1,621.19              | 63,432.23               |
| Other revenues   | 102,206.78             | 19,008.00             | 134,225.11              |
| TOTAL REVENUES   | <u>6,140,492.44</u>    | <u>740,806.80</u>     | <u>1,275,147.91</u>     |
| EXPENDITURES   |                        |                       |                         |
| General government   | 1,320,804.83           |                       |                         |
| Public safety  | 2,215,460.47           |                       |                         |
| Public works   | 735,198.73             |                       |                         |
| Culture and recreation   |                        |                       | 1,795,865.61            |
| Community development and enrichment   | 340,147.66             |                       |                         |
| Debt service   |                        |                       |                         |
| Principal retirement   |                        |                       |                         |
| Interest and fiscal charges  |                        |                       |                         |
| Other  | 54,537.89              |                       |                         |
| Highways and streets   |                        | 1,894,796.39          |                         |
| Capital outlay   |                        |                       |                         |
| TOTAL EXPENDITURES   | <u>4,666,149.58</u>    | <u>1,894,796.39</u>   | <u>1,795,865.61</u>     |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES                                     | <u>1,474,342.86</u>    | <u>(1,153,989.59)</u> | <u>(520,717.70)</u>     |
| OTHER FINANCING SOURCES (USES)   |                        |                       |                         |
| Proceeds of bond issues and loans  |                        |                       |                         |
| Operating transfers in   | 369,113.09             | 1,008,623.16          | 503,892.48              |
| Operating transfers out  | (1,490,261.86)         | (445,750.00)          |                         |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>(1,121,148.77)</u>  | <u>562,873.16</u>     | <u>503,892.48</u>       |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER SOURCES OVER<br>EXPENDITURES AND OTHER USES | 353,194.09             | (591,116.43)          | (16,825.22)             |
| FUND BALANCE, JULY 1   | <u>1,177,655.25</u>    | <u>1,165,612.55</u>   | <u>55,853.27</u>        |
| FUND BALANCE, JUNE 30  | <u>\$ 1,530,849.34</u> | <u>\$ 574,496.12</u>  | <u>\$ 39,028.05</u>     |

See accompanying notes to financial statements.

| 1998<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2002<br>SPECIAL<br>ASSESSMENT<br>BONDS | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|--|--------------------------------|--------------------------------|
| \$ 156,932.23                          | \$ 104,465.71                          | \$ 205,186.27                  | \$ 4,760,369.69                |
|  |  |                                | 4,188.00                       |
|  |  | 325,463.41                     | 1,975,778.06                   |
|  |  | 46,857.80                      | 1,807,287.40                   |
|  |  |                                | 63,256.68                      |
| 44,879.81                              | 18,146.40                              | 88,562.13                      | 280,621.19                     |
|  | 1,072.47                               | 347,066.54                     | 603,578.90                     |
| <u>201,812.04</u>                      | <u>123,684.58</u>                      | <u>1,013,136.15</u>            | <u>9,495,079.92</u>            |
|  |  |                                | 1,320,804.83                   |
|  |  | 9,053.69                       | 2,224,514.16                   |
|  |  |                                | 735,198.73                     |
|  |  |                                | 1,795,865.61                   |
|  |  | 426,622.48                     | 766,770.14                     |
| 180,000.00                             | 40,000.00                              | 933,328.89                     | 1,153,328.89                   |
| 38,972.00                              | 15,667.00                              | 274,045.95                     | 328,684.95                     |
|  |  | 128,725.71                     | 183,263.60                     |
|  |  | 177,054.98                     | 2,071,851.37                   |
|  |  | 400,547.99                     | 400,547.99                     |
| <u>218,972.00</u>                      | <u>55,667.00</u>                       | <u>2,349,379.69</u>            | <u>10,980,830.27</u>           |
| <u>(17,159.96)</u>                     | <u>68,017.58</u>                       | <u>(1,336,243.54)</u>          | <u>(1,485,750.35)</u>          |
|  |  | 430,000.00                     | 430,000.00                     |
|  |  | 1,451,270.24                   | 3,332,898.97                   |
|  |  | (773,717.01)                   | (2,709,728.87)                 |
|  |  |                                |                                |
|  |  | 1,107,553.23                   | 1,053,170.10                   |
|  |  |                                |                                |
| (17,159.96)                            | 68,017.58                              | (228,690.31)                   | (432,580.25)                   |
| 313,939.78                             | 49,319.81                              | 2,322,050.14                   | 5,084,430.80                   |
| \$ <u>296,779.82</u>                   | \$ <u>117,337.39</u>                   | \$ <u>2,093,359.83</u>         | \$ <u>4,651,850.55</u>         |

**CITY OF LAPEER, MICHIGAN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|  |                             |
|--|-----------------------------|
| Net changes in fund balances-total governmental funds  | \$ (432,580.25)             |
| Amounts reported for governmental activities in the statement of activities are different because:   |                             |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.   |                             |
| Expenditures for capital assets  | 1,675,544.76                |
| Less: current year depreciation  | (653,152.89)                |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | (429,843.22)                |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. |                             |
| Bond and loan proceeds   | (430,000.00)                |
| Accrued interest   | 5,073.16                    |
| Principal payments   | 1,136,379.74                |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.  |                             |
| Change in long-term compensated absences   | (18,031.74)                 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds is reported with governmental activities.   |                             |
|  | (81,545.74)                 |
| <b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>   | <b>\$ <u>771,843.82</u></b> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|                            | <u>BUDGETED AMOUNTS</u> |                     |                     | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|----------------------------|-------------------------|---------------------|---------------------|---|
|                            | <u>ORIGINAL</u>         | <u>FINAL</u>        | <u>ACTUAL</u>       |   |
| <b>REVENUES</b>            |                         |                     |                     |   |
| Taxes                      |                         |                     |                     |   |
| Property taxes             | \$ 2,082,080.00         | \$ 2,082,080.00     | \$ 2,073,110.88     | \$ (8,969.12)                                   |
| Penalties and interest     | 36,000.00               | 36,000.00           | 56,638.86           | 20,638.86                                       |
| City income taxes          | 1,960,000.00            | 1,960,000.00        | 2,164,035.74        | 204,035.74                                      |
| Total Taxes                | 4,078,080.00            | 4,078,080.00        | 4,293,785.48        | 215,705.48                                      |
| Federal Grants             |                         |                     |                     |   |
| F.E.M.A. Grant             |                         |                     | 2,847.15            | 2,847.15  |
| Federal Drug Grant (TNU)   | 32,000.00               | 32,000.00           | 32,066.19           | 66.19   |
| MSHDA Section 8            |                         | 32,328.00           | 23,294.50           | (9,033.50)                                      |
| Total Federal Grants       | 32,000.00               | 64,328.00           | 58,207.84           | (6,120.16)                                      |
| Licenses and Permits       |                         |                     |                     |   |
| Licenses                   | 500.00                  | 500.00              | 704.00              | 204.00  |
| Permits                    | 4,200.00                | 4,200.00            | 3,484.00            | (716.00)  |
| Total Licenses and Permits | 4,700.00                | 4,700.00            | 4,188.00            | (512.00)  |
| Intergovernmental          |                         |                     |                     |   |
| Sales tax                  | 877,075.00              | 877,075.00          | 862,709.00          | (14,366.00)                                     |
| Liquor licenses            | 7,775.00                | 7,775.00            | 9,220.20            | 1,445.20  |
| Total Intergovernmental    | 884,850.00              | 884,850.00          | 871,929.20          | (12,920.80)                                     |
| Charges for Services       |                         |                     |                     |   |
| Administrative fees        | 298,201.00              | 298,201.00          | 298,285.04          | 84.04   |
| Copies                     | 2,500.00                | 2,500.00            | 5,664.00            | 3,164.00  |
| Fire runs and protection   | 230,000.00              | 230,000.00          | 268,126.06          | 38,126.06                                       |
| Other services             |                         |                     | 2,150.26            | 2,150.26  |
| IFT application fee        | 1,500.00                | 1,500.00            | 3,750.00            | 2,250.00  |
| Other fees                 | 2,658.00                | 2,658.00            | 31,710.49           | 29,052.49                                       |
| Cable franchise fees       | 64,000.00               | 64,000.00           | 69,894.07           | 5,894.07  |
| Telephone franchise fees   | 30,000.00               | 30,000.00           | 3,359.11            | (26,640.89)                                     |
| Total Charges for Services | 628,859.00              | 628,859.00          | 682,939.03          | 54,080.03                                       |
| Fines and Forfeits         |                         |                     |                     |   |
| Court fines                | 60,000.00               | 60,000.00           | 63,256.68           | 3,256.68  |
| Other Revenues             |                         |                     |                     |   |
| Interest on investments    | 30,000.00               | 30,000.00           | 19,106.37           | (10,893.63)                                     |
| Rentals                    | 74,186.00               | 74,186.00           | 44,873.06           | (29,312.94)                                     |
| Reimbursements             | 66,688.00               | 66,971.00           | 80,938.22           | 13,967.22                                       |
| Sale of assets             |                         |                     |                     |   |
| Miscellaneous              | 1,550.00                | 1,550.00            | 11,494.23           | 9,944.23  |
| Sale of tax map books      |                         |                     | 130.00              | 130.00  |
| Contributions              | 6,700.00                | 7,210.00            | 9,644.33            | 2,434.33  |
| Total Other Revenues       | 179,124.00              | 179,917.00          | 166,186.21          | (13,730.79)                                     |
| <b>TOTAL REVENUES</b>      | <b>5,867,613.00</b>     | <b>5,900,734.00</b> | <b>6,140,492.44</b> | <b>239,758.44</b>                               |

See accompanying notes to financial statements.



**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - Concluded**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|   | <u>BUDGETED AMOUNTS</u> |                       |                        | <u>VARIANCE</u>                          |
|---|-------------------------|-----------------------|------------------------|--|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>          | <u>ACTUAL</u>          | <u>FAVORABLE</u><br><u>(UNFAVORABLE)</u> |
| <b>EXPENDITURES</b>   |                         |                       |                        |  |
| General Government  |                         |                       |                        |  |
| Legislative   | \$ 72,669.00            | \$ 73,041.00          | \$ 68,561.75           | \$ 4,479.25                              |
| Executive/Clerk   | 411,766.00              | 410,240.00            | 396,739.41             | 13,500.59                                |
| Assessor's office   | 134,940.00              | 137,671.00            | 112,777.84             | 24,893.16                                |
| Income tax  | 145,099.00              | 148,093.00            | 138,231.19             | 9,861.81                                 |
| Attorney/Jury-Witness   | 140,500.00              | 140,562.00            | 120,157.51             | 20,404.49                                |
| Elections   | 28,214.00               | 28,214.00             | 6,337.48               | 21,876.52                                |
| City Hall   | 111,375.00              | 111,375.00            | 112,612.59             | (1,237.59)                               |
| Board of review   | 3,069.00                | 3,069.00              | 2,995.46               | 73.54                                    |
| Accounting and data processing  | 380,866.00              | 385,322.00            | 347,954.99             | 37,367.01                                |
| MESC Building   | 23,500.00               | 23,500.00             | 530.75                 | 22,969.25                                |
| Cable advisory board  | 15,973.00               | 14,427.00             | 13,905.86              | 521.14                                   |
| Total General Government  | <u>1,467,971.00</u>     | <u>1,475,514.00</u>   | <u>1,320,804.83</u>    | <u>154,709.17</u>                        |
| Public Safety   |                         |                       |                        |  |
| Police  | 1,789,869.00            | 1,795,240.00          | 1,766,991.85           | 28,248.15                                |
| Fire  | 484,398.00              | 492,036.00            | 448,468.62             | 43,567.38                                |
| Total Public Safety   | <u>2,274,267.00</u>     | <u>2,287,276.00</u>   | <u>2,215,460.47</u>    | <u>71,815.53</u>                         |
| Public Works  |                         |                       |                        |  |
| Public services   | <u>743,585.00</u>       | <u>748,961.00</u>     | <u>735,198.73</u>      | <u>13,762.27</u>                         |
| Community development<br>and enrichment   | <u>326,527.00</u>       | <u>349,526.00</u>     | <u>340,147.66</u>      | <u>9,378.34</u>                          |
| Other Functions   |                         |                       |                        |  |
| Contingency   | 91,000.00               | 35,960.00             |                        | 35,960.00                                |
| Contributions to other units  | 54,794.00               | 55,577.00             | 54,537.89              | 1,039.11                                 |
| Total Other Functions   | <u>145,794.00</u>       | <u>91,537.00</u>      | <u>54,537.89</u>       | <u>36,999.11</u>                         |
| TOTAL EXPENDITURES  | <u>4,958,144.00</u>     | <u>4,952,814.00</u>   | <u>4,666,149.58</u>    | <u>286,664.42</u>                        |
| EXCESS OF REVENUES<br>OVER EXPENDITURES   | <u>909,469.00</u>       | <u>947,920.00</u>     | <u>1,474,342.86</u>    | <u>526,422.86</u>                        |
| OTHER FINANCING SOURCES (USES)  |                         |                       |                        |  |
| Operating transfers in  | 377,117.00              | 377,117.00            | 369,113.09             | (8,003.91)                               |
| Operating transfers out   | (1,446,955.00)          | (1,511,621.00)        | (1,490,261.86)         | 21,359.14                                |
| TOTAL OTHER FINANCING<br>SOURCES (USES)   | <u>(1,069,838.00)</u>   | <u>(1,134,504.00)</u> | <u>(1,121,148.77)</u>  | <u>13,355.23</u>                         |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES<br>AND OTHER USES | <u>(160,369.00)</u>     | <u>(186,584.00)</u>   | <u>353,194.09</u>      | <u>539,778.09</u>                        |
| FUND BALANCE, JULY 1  | <u>1,177,655.25</u>     | <u>1,177,655.25</u>   | <u>1,177,655.25</u>    |  |
| FUND BALANCE, JUNE 30   | <u>\$ 1,017,286.25</u>  | <u>\$ 991,071.25</u>  | <u>\$ 1,530,849.34</u> | <u>\$ 539,778.09</u>                     |

See accompanying notes to financial statements.

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MAJOR STREET FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|  | <u>BUDGETED AMOUNTS</u> |                       |                       | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|--|-------------------------|-----------------------|-----------------------|---|
|  | <u>ORIGINAL</u>         | <u>FINAL</u>          | <u>ACTUAL</u>         |   |
| REVENUES   |                         |                       |                       |   |
| State grants   | \$ 420,000.00           | \$ 420,000.00         | \$ 531,970.23         | \$ 111,970.23                                   |
| Federal grants   | 385,375.00              | 385,375.00            | 188,207.38            | (197,167.62)                                    |
| Interest on investments  | 4,200.00                | 4,200.00              | 1,621.19              | (2,578.81)                                      |
| Donations  | <u>210,000.00</u>       | <u>210,000.00</u>     | <u>19,008.00</u>      | <u>(190,992.00)</u>                             |
| TOTAL REVENUES   | <u>1,019,575.00</u>     | <u>1,019,575.00</u>   | <u>740,806.80</u>     | <u>(278,768.20)</u>                             |
| EXPENDITURES   |                         |                       |                       |   |
| Highways and streets   | <u>2,554,463.00</u>     | <u>2,555,635.00</u>   | <u>1,894,796.39</u>   | <u>660,838.61</u>                               |
| DEFICIENCY OF<br>REVENUES OVER<br>EXPENDITURES                                     | <u>(1,534,888.00)</u>   | <u>(1,536,060.00)</u> | <u>(1,153,989.59)</u> | <u>382,070.41</u>                               |
| OTHER FINANCING SOURCES (USES)   |                         |                       |                       |   |
| Operating transfers in   | 1,469,094.00            | 1,470,195.00          | 1,008,623.16          | (461,571.84)                                    |
| Operating transfers out  | <u>(483,321.00)</u>     | <u>(483,321.00)</u>   | <u>(445,750.00)</u>   | <u>37,571.00</u>                                |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>985,773.00</u>       | <u>986,874.00</u>     | <u>562,873.16</u>     | <u>(424,000.84)</u>                             |
| DEFICIENCY OF REVENUES<br>AND OTHER SOURCES<br>OVER EXPENDITURES<br>AND OTHER USES | <u>(549,115.00)</u>     | <u>(549,186.00)</u>   | <u>(591,116.43)</u>   | <u>(41,930.43)</u>                              |
| FUND BALANCE, JULY 1   | <u>1,165,612.55</u>     | <u>1,165,612.55</u>   | <u>1,165,612.55</u>   |   |
| FUND BALANCE, JUNE 30  | <u>\$ 616,497.55</u>    | <u>\$ 616,426.55</u>  | <u>\$ 574,496.12</u>  | <u>\$ (41,930.43)</u>                           |

See accompanying notes to financial statements.

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARKS AND RECREATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|  | <u>BUDGETED AMOUNTS</u> |                     | <u>ACTUAL</u>       | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>ORIGINAL</u>         | <u>FINAL</u>        |                     |   |
| REVENUES   |                         |                     |                     |   |
| Charges for services   | \$ 1,100,150.00         | \$ 1,043,060.00     | \$ 1,077,490.57     | \$ 34,430.57                                    |
| Interest and rent  | 69,000.00               | 67,912.00           | 63,432.23           | (4,479.77)                                      |
| Other revenues   | 255,000.00              | 135,248.00          | 134,225.11          | (1,022.89)                                      |
| Intergovernmental - state  | 556,265.00              | 144,765.00          |                     | (144,765.00)                                    |
| <b>TOTAL REVENUES</b>  | <u>1,980,415.00</u>     | <u>1,390,985.00</u> | <u>1,275,147.91</u> | <u>(115,837.09)</u>                             |
| EXPENDITURES   |                         |                     |                     |   |
| Culture and recreation   | <u>2,596,173.00</u>     | <u>2,019,310.00</u> | <u>1,795,865.61</u> | <u>223,444.39</u>                               |
| DEFICIENCY OF<br>REVENUES OVER<br>EXPENDITURES                                     | <u>(615,758.00)</u>     | <u>(628,325.00)</u> | <u>(520,717.70)</u> | <u>107,607.30</u>                               |
| OTHER FINANCING SOURCES  |                         |                     |                     |   |
| Operating transfers in   | <u>552,597.00</u>       | <u>583,724.00</u>   | <u>503,892.48</u>   | <u>(79,831.52)</u>                              |
| DEFICIENCY OF REVENUES<br>AND OTHER SOURCES<br>OVER EXPENDITURES<br>AND OTHER USES | <u>(63,161.00)</u>      | <u>(44,601.00)</u>  | <u>(16,825.22)</u>  | <u>27,775.78</u>                                |
| FUND BALANCE, JULY 1   | <u>55,853.27</u>        | <u>55,853.27</u>    | <u>55,853.27</u>    |   |
| FUND BALANCE, JUNE 30  | <u>\$ (7,307.73)</u>    | <u>\$ 11,252.27</u> | <u>\$ 39,028.05</u> | <u>\$ 27,775.78</u>                             |

See accompanying notes to financial statements.

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|  | <u>BUSINESS-TYPE ACTIVITIES<br/>ENTERPRISE FUNDS</u> |                                      |
|--|--|--------------------------------------|
|  | AUTO<br>PARKING                                      | WASTE<br>WATER<br>TREATMENT<br>PLANT |
| <b>ASSETS</b>                            |  |                                      |
| <b>CURRENT ASSETS</b>                    |  |                                      |
| Cash and cash equivalents                | \$ 40,922.47   | \$ 121,557.76                        |
| Investments                              | 60.45  | 184,910.82                           |
| Accounts receivable                      |  | 900.00                               |
| Deposits                                 |  | 5,604.27                             |
| Bond discount                            |  |                                      |
| Inventory                                |  | 2,241.90                             |
| Due from other funds                     | 1,068.26   | 24,192.59                            |
| Prepaid expenses                         | <u>42,051.18</u>                                     | <u>339,407.34</u>                    |
| <b>TOTAL CURRENT ASSETS</b>              |  |                                      |
| <b>RESTRICTED ASSETS</b>                 |  | <u>1,292,864.13</u>                  |
| Cash and investments                     |  |                                      |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>     |  |                                      |
| Construction in progress                 |  | 37,042.18                            |
| Land and improvements                    | 849,645.23   | 1,365,066.35                         |
| Buildings and structures                 |  | 11,714,074.46                        |
| Utility mains                            | 79,672.23  | 1,766,486.46                         |
| Vehicles and equipment                   | <u>929,317.46</u>                                    | <u>14,882,669.45</u>                 |
|  | 553,713.68   | 7,863,487.67                         |
| Less: accumulated depreciation           | <u>375,603.78</u>                                    | <u>7,019,181.78</u>                  |
| <b>NET PROPERTY, PLANT AND EQUIPMENT</b> |  |                                      |
| <br><b>TOTAL ASSETS</b>                  | <br><u>\$ 417,654.96</u>                             | <br><u>\$ 8,651,453.25</u>           |

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES  
ENTERPRISE FUNDS

GOVERNMENTAL  
ACTIVITIES

INTERNAL  
SERVICE FUNDS

| WATER<br>SUPPLY | TOTAL            |                  | 2004          | 2003          |
|-----------------|------------------|------------------|---------------|---------------|
|                 | 2004             | 2003             |               |               |
| \$ 153,459.74   | \$ 315,939.97    | \$ 332,488.81    | \$ 126,001.10 | \$ 430,595.41 |
| 196,111.08      | 381,082.35       | 362,055.43       | 300,000.00    |               |
| 42,884.34       | 43,784.34        | 44,447.60        | 169.25        |               |
|                 | 5,604.27         | 6,324.27         |               |               |
| 45,213.16       | 45,213.16        | 38,225.79        | 23,669.85     | 18,535.50     |
| 2,896.37        | 5,138.27         | 10,341.58        |               |               |
| 12,320.51       | 37,581.36        | 37,191.97        | 12,163.95     | 10,258.53     |
| 452,885.20      | 834,343.72       | 831,075.45       | 462,004.15    | 459,389.44    |
| 442,047.33      | 1,734,911.46     | 1,127,801.47     |               |               |
| 397,354.21      | 434,396.39       |                  |               |               |
| 24,600.00       | 2,239,311.58     | 2,209,028.58     | 97,169.95     | 97,169.95     |
| 252,909.16      | 11,966,983.62    | 11,966,983.62    |               |               |
| 4,665,150.14    | 4,665,150.14     | 4,725,517.49     |               |               |
| 216,793.39      | 2,062,952.08     | 1,977,659.33     | 1,467,936.26  | 1,480,768.27  |
| 5,556,806.90    | 21,368,793.81    | 20,879,189.02    | 1,565,106.21  | 1,577,938.22  |
| 3,842,163.41    | 12,259,364.76    | 11,836,765.26    | 1,157,385.94  | 1,120,624.99  |
| 1,714,643.49    | 9,109,429.05     | 9,042,423.76     | 407,720.27    | 457,313.23    |
| \$ 2,609,576.02 | \$ 11,678,684.23 | \$ 11,001,300.68 | \$ 869,724.42 | \$ 916,702.67 |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - Concluded**  
**JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|   | <u>ENTERPRISE FUNDS</u> |                                      |
|---|-------------------------|--------------------------------------|
|   | AUTO<br>PARKING         | WASTE<br>WATER<br>TREATMENT<br>PLANT |
| <b>LIABILITIES AND NET ASSETS</b>                   |                         |                                      |
| <b>CURRENT LIABILITIES</b>                          |                         |                                      |
| Accounts payable                                    | \$ 45.22                | \$ 40,598.02                         |
| Due to other funds                                  |                         |                                      |
| Accrued payroll and related items                   | 597.40                  | 31,738.71                            |
| Performance bonds payable                           |                         |                                      |
| Notes payable                                       |                         |                                      |
| Bonds payable                                       |                         | 25,000.00                            |
| <b>TOTAL CURRENT LIABILITIES</b>                    | <u>642.62</u>           | <u>97,336.73</u>                     |
| <b>LONG-TERM LIABILITIES</b>                        |                         |                                      |
| Notes payable                                       |                         |                                      |
| Bonds payable                                       |                         | 280,000.00                           |
| <b>TOTAL LONG-TERM LIABILITIES</b>                  |                         | <u>280,000.00</u>                    |
| <b>TOTAL LIABILITIES</b>                            | <u>642.62</u>           | <u>377,336.73</u>                    |
| <b>NET ASSETS AND CONTRIBUTED CAPITAL</b>           |                         |                                      |
| <b>CONTRIBUTED CAPITAL</b>                          |                         |                                      |
| Municipality  | 336,550.93              | 3,318,571.84                         |
| Local   |                         |                                      |
| Federal   |                         | 3,505,674.40                         |
| <b>TOTAL CONTRIBUTED CAPITAL</b>                    | <u>336,550.93</u>       | <u>6,824,246.24</u>                  |
| <b>NET ASSETS</b>                                   |                         |                                      |
| Invested in capital assets, net of related debt     | 377,407.39              | 6,726,086.98                         |
| Restricted for                                      |                         |                                      |
| Encumbrances  |                         |                                      |
| Prepaid expenses                                    | 1,068.26                | 24,192.59                            |
| Inventory   |                         |                                      |
| Operation and maintenance                           |                         | 113,469.22                           |
| Bond and interest redemption                        |                         | 38,588.54                            |
| Replacement   |                         | 1,237,364.13                         |
| Improvements  |                         | 25,000.00                            |
| Unrestricted  | (298,014.24)            | (6,714,831.18)                       |
| <b>TOTAL NET ASSETS</b>                             | <u>80,461.41</u>        | <u>1,449,870.28</u>                  |
| <b>TOTAL NET ASSETS<br/>AND CONTRIBUTED CAPITAL</b> | <u>417,012.34</u>       | <u>8,274,116.52</u>                  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>             | <u>\$ 417,654.96</u>    | <u>\$ 8,651,453.25</u>               |

See accompanying notes to financial statements.

# BUSINESS-TYPE ACTIVITIES

# GOVERNMENTAL

| ENTERPRISE FUNDS |                  |                  | ACTIVITIES                        |               |
|------------------|------------------|------------------|-----------------------------------|---------------|
| WATER<br>SUPPLY  | 2004             | TOTAL<br>2003    | INTERNAL<br>SERVICE FUNDS<br>2004 | 2003          |
| \$ 162,738.72    | \$ 203,381.96    | \$ 288,414.01    | \$ 19,214.47                      | \$ 21,219.65  |
| 16,707.72        | 49,043.83        | 42,419.63        | 7,971.08                          |               |
| 5,300.00         | 5,300.00         | 2,800.00         | 5,203.14                          | 4,150.86      |
|                  |                  |                  | 57,036.00                         | 12,500.51     |
| 35,000.00        | 60,000.00        | 55,000.00        |                                   |               |
| 219,746.44       | 317,725.79       | 388,633.64       | 89,424.69                         | 37,871.02     |
|                  |                  |                  | 153,621.31                        | 103,299.49    |
| 35,000.00        | 315,000.00       | 375,000.00       |                                   |               |
| 35,000.00        | 315,000.00       | 375,000.00       | 153,621.31                        | 103,299.49    |
| 254,746.44       | 632,725.79       | 763,633.64       | 243,046.00                        | 141,170.51    |
|                  |                  |                  |                                   |               |
| 164,173.72       | 3,819,296.49     | 3,819,296.49     | 164,690.00                        | 164,690.00    |
|                  | 3,505,674.40     | 3,751,980.72     |                                   |               |
| 164,173.72       | 7,324,970.89     | 7,571,277.21     | 164,690.00                        | 164,690.00    |
|                  |                  |                  |                                   |               |
| 1,641,729.60     | 8,745,223.97     | 8,737,423.76     | 201,934.76                        | 457,313.23    |
|                  |                  | 5,000.00         |                                   |               |
| 12,320.51        | 37,581.36        | 37,191.90        |                                   |               |
| 45,213.16        | 45,213.16        | 38,225.79        | 23,669.85                         | 18,535.50     |
| 146,765.99       | 260,235.21       | 262,866.93       |                                   |               |
| 13,693.75        | 52,282.29        | 57,635.42        |                                   |               |
| 435,047.33       | 1,672,411.46     | 1,059,801.47     |                                   |               |
|                  | 25,000.00        | 25,000.00        |                                   |               |
| (104,114.48)     | (7,116,959.90)   | (7,556,755.51)   | 236,383.81                        | 134,993.43    |
| 2,190,655.86     | 3,720,987.55     | 2,666,389.76     | 461,988.42                        | 610,842.16    |
|                  |                  |                  |                                   |               |
| 2,354,829.58     | 11,045,958.44    | 10,237,666.97    | 626,678.42                        | 775,532.16    |
| \$ 2,609,576.02  | \$ 11,678,684.23 | \$ 11,001,300.61 | \$ 869,724.42                     | \$ 916,702.67 |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|   | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                                      |
|---|--|--------------------------------------|
|   | AUTO<br>PARKING                              | WASTE<br>WATER<br>TREATMENT<br>PLANT |
| OPERATING REVENUES                        | \$ 51,750.56                                 | \$ 2,264,791.34                      |
| Charges for services                      |  | 149.53                               |
| Miscellaneous                             |  |                                      |
| Equipment rentals                         |  |                                      |
| TOTAL OPERATING REVENUES                  | <u>51,750.56</u>                             | <u>2,264,940.87</u>                  |
| OPERATING EXPENSES                        | 14,922.60                                    | 493,068.05                           |
| Salaries and wages                        | 11,245.85                                    | 222,228.53                           |
| Fringe benefits                           | 10,079.32                                    | 6,118.62                             |
| Office supplies                           | 1,462.30                                     | 94,300.32                            |
| Operating supplies                        | 14,302.08                                    | 123,458.04                           |
| Administrative fees                       |  |                                      |
| Repairs and maintenance supplies          | 1,814.80                                     | 83,080.77                            |
| Professional and contractual services     | 794.09                                       | 1,445.50                             |
| Printing                                  | 745.38                                       | 48,441.31                            |
| Insurance and bonds                       |  | 119,594.14                           |
| Public utilities                          | 3,638.59                                     | 53,441.63                            |
| Repairs and maintenance                   | 5,195.00                                     | 29,889.81                            |
| Rentals                                   | 88.32  | 9,769.20                             |
| Miscellaneous                             |  | 63,007.92                            |
| Property taxes                            | 6,081.49                                     | 351,594.77                           |
| Depreciation                              |  | 11,901.53                            |
| Capital outlay                            |  | 1,885.28                             |
| Conferences                               |  |                                      |
| TOTAL OPERATING EXPENSES                  | <u>70,369.82</u>                             | <u>1,713,225.42</u>                  |
| OPERATING INCOME (LOSS)                   | <u>(18,619.26)</u>                           | <u>551,715.45</u>                    |
| NONOPERATING REVENUES                     |  |                                      |
| (EXPENSES)                                | 468.23                                       | 10,461.20                            |
| Interest earned                           |  |                                      |
| Gain on sale of fixed assets              |  | (21,874.00)                          |
| Interest expense                          |  |                                      |
| TOTAL NONOPERATING<br>REVENUES (EXPENSES) | <u>468.23</u>                                | <u>(11,412.80)</u>                   |

See accompanying notes to financial statements.



BUSINESS-TYPE ACTIVITIES  
ENTERPRISE FUNDS

GOVERNMENTAL ACTIVITIES

| WATER SUPPLY |                     |    | TOTAL               |                     | INTERNAL SERVICE FUNDS |                   |
|--------------|---------------------|----|---------------------|---------------------|------------------------|-------------------|
|              |                     |    | 2004                | 2003                | 2004                   | 2003              |
| \$           | 2,166,926.55        | \$ | 4,483,468.45        | \$                  | 4,162,276.41           | \$                |
|              | 3,669.99            |    | 3,819.52            |                     | 56,889.76              |                   |
|              |                     |    |                     |                     | 580,791.20             | 512,242.82        |
|              | <u>2,170,596.54</u> |    | <u>4,487,287.97</u> | <u>4,219,166.17</u> | <u>580,791.20</u>      | <u>512,242.82</u> |
|              | 293,567.88          |    | 801,558.53          | 827,543.80          | 107,339.95             | 82,799.65         |
|              | 109,311.25          |    | 342,785.63          | 354,256.62          | 41,945.55              | 37,839.86         |
|              | 6,788.82            |    | 22,986.76           | 16,923.17           | 1,034.89               | 982.07            |
|              | 1,009,398.68        |    | 1,105,161.30        | 1,046,728.93        | 120,680.72             | 130,834.86        |
|              | 131,245.08          |    | 269,005.20          | 265,768.00          |                        | 8,524.38          |
|              |                     |    |                     |                     |                        | 16,691.71         |
|              | 36,744.02           |    | 121,639.59          | 130,842.22          | 17,212.74              |                   |
|              | 1,824.50            |    | 4,064.09            | 3,802.04            |                        |                   |
|              | 20,575.75           |    | 69,762.44           | 67,420.04           | 37,057.44              | 31,630.00         |
|              | 11,464.79           |    | 131,058.93          | 131,065.15          | 43,609.64              | 12,345.15         |
|              | 9,969.92            |    | 67,050.14           | 87,753.71           | 102,419.87             |                   |
|              | 81,336.86           |    | 116,421.67          | 126,195.28          | 690.81                 |                   |
|              | 5,579.31            |    | 15,436.83           | 11,472.30           | 1,746.09               | 698.89            |
|              | 23,284.08           |    | 86,292.00           | 84,899.00           |                        |                   |
|              | 66,406.03           |    | 424,082.29          | 416,907.70          | 101,395.68             | 116,369.83        |
|              | 18,648.70           |    | 30,550.23           | 50,240.63           | 50,268.09              | 4,099.00          |
|              | 1,452.25            |    | 3,337.53            | 6,610.66            |                        |                   |
|              | <u>1,827,597.92</u> |    | <u>3,611,193.16</u> | <u>3,628,429.25</u> | <u>625,401.47</u>      | <u>442,815.40</u> |
|              | <u>342,998.62</u>   |    | <u>876,094.81</u>   | <u>590,736.92</u>   | <u>(44,610.27)</u>     | <u>69,427.42</u>  |
|              |                     |    |                     |                     |                        |                   |
|              | 6,018.29            |    | 16,947.72           | 17,226.38           | 3,866.15               | 4,838.82          |
|              |                     |    |                     | 21,596.00           | 2,291.73               |                   |
|              | <u>(5,485.26)</u>   |    | <u>(27,359.26)</u>  | <u>(29,205.50)</u>  | <u>(7,739.41)</u>      |                   |
|              |                     |    |                     |                     |                        |                   |
|              | <u>533.03</u>       |    | <u>(10,411.54)</u>  | <u>9,616.88</u>     | <u>(1,581.53)</u>      | <u>4,838.82</u>   |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - Concluded**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|   | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                                      |
|---|--|--------------------------------------|
|   | AUTO<br>PARKING                              | WASTE<br>WATER<br>TREATMENT<br>PLANT |
| INCOME (LOSS) BEFORE<br>OPERATING TRANSFERS   | \$ (18,151.03)                               | \$ 540,302.65                        |
| OPERATING TRANSFERS   |  |                                      |
| Operating transfers in  |  | 39.24                                |
| Operating transfers out   |  | (24,653.22)                          |
| NET INCOME (LOSS)   | (18,151.03)                                  | 515,688.67                           |
| ADD DEPRECIATION OF FIXED<br>ASSETS ACQUIRED BY GRANTS,<br>ENTITLEMENTS AND SHARED<br>REVENUES EXTERNALLY<br>RESTRICTED FOR CAPITAL<br>ACQUISITIONS AND<br>CONSTRUCTION THAT REDUCES<br>CONTRIBUTED CAPITAL |  | 246,306.32                           |
| PRIOR PERIOD ADJUSTMENT   |  |                                      |
| NET ASSETS, JULY 1  | 98,612.44                                    | 687,875.29                           |
| NET ASSETS, JUNE 30   | \$ 80,461.41                                 | \$ 1,449,870.28                      |

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES  
ENTERPRISE FUNDS

GOVERNMENTAL ACTIVITIES

| WATER<br>SUPPLY        | TOTAL                  |                        | INTERNAL SERVICE FUNDS<br>2004 | 2003                 |
|------------------------|------------------------|------------------------|--------------------------------|----------------------|
|                        | 2004                   | 2003                   |                                |                      |
| \$ 343,531.65          | \$ 865,683.27          | \$ 600,353.80          | \$ (46,191.80)                 | \$ 74,266.24         |
| 1,208.33               | 1,247.57               | 14,800.79              |                                |                      |
| <u>(33,986.22)</u>     | <u>(58,639.44)</u>     | <u>(674,945.00)</u>    | <u>(35,353.94)</u>             | <u>(42,517.00)</u>   |
| 310,753.76             | 808,291.40             | (59,790.41)            | (81,545.74)                    | 31,749.24            |
|                        |                        |                        |                                |                      |
|                        | 246,306.32             | 246,306.32             |                                |                      |
|                        |                        | (63,135.74)            | (67,308.00)                    |                      |
| 1,879,902.10           | 2,666,389.83           | 2,543,009.72           | 610,842.16                     | 579,092.92           |
| <u>\$ 2,190,655.86</u> | <u>\$ 3,720,987.55</u> | <u>\$ 2,666,389.89</u> | <u>\$ 461,988.42</u>           | <u>\$ 610,842.16</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|  | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                                  |
|--|--|----------------------------------|
|  | AUTO<br>PARKING                              | WASTEWATER<br>TREATMENT<br>PLANT |
| CASH FLOWS FROM OPERATING ACTIVITIES                                       |  |                                  |
| Cash received from customers   | \$ 51,690.11                                 | \$ 2,258,935.43                  |
| Cash received from interfund charges                                       |  |                                  |
| Cash payment for goods and services  | (49,600.20)                                  | (1,380,243.12)                   |
| Cash payment for employees   | <u>(16,622.13)</u>                           | <u>(695,385.19)</u>              |
| NET CASH PROVIDED BY (USED IN)<br>OPERATING ACTIVITIES                     | <u>(14,532.22)</u>                           | <u>183,307.12</u>                |
| CASH FLOWS FROM NONCAPITAL<br>FINANCING ACTIVITIES                         |  |                                  |
| Operating transfers in   |  | 39.24                            |
| Operating transfers out  |  | <u>(24,653.22)</u>               |
| NET CASH USED IN NONCAPITAL<br>FINANCING ACTIVITIES                        |  | <u>(24,613.98)</u>               |
| CASH FLOWS FROM CAPITAL AND<br>RELATED FINANCING ACTIVITIES                |  |                                  |
| Payment for capital acquisitions   |  | (126,153.18)                     |
| Principal payments   |  | (25,000.00)                      |
| Sale of capital assets   |  |                                  |
| Interest and fiscal charges paid   |  | <u>(21,874.00)</u>               |
| NET CASH PROVIDED BY (USED IN) CAPITAL<br>AND RELATED FINANCING ACTIVITIES |  | <u>(173,027.18)</u>              |
| CASH FLOWS FROM INVESTING ACTIVITIES                                       |  |                                  |
| Interest received  | <u>468.23</u>                                | <u>10,461.20</u>                 |
| NET INCREASE (DECREASE) IN CASH AND<br>CASH EQUIVALENTS                    | (14,063.99)                                  | (3,872.84)                       |
| PRIOR PERIOD ADJUSTMENT  |  |                                  |
| CASH AND CASH EQUIVALENTS, JULY 1  | <u>54,986.46</u>                             | <u>125,430.60</u>                |
| CASH AND CASH EQUIVALENTS, JUNE 30   | <u>\$ 40,922.47</u>                          | <u>\$ 121,557.76</u>             |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                      |                      | GOVERNMENTAL<br>ACTIVITIES |                      |
|--|----------------------|----------------------|----------------------------|----------------------|
| WATER<br>SUPPLY                              | TOTAL                |                      | INTERNAL<br>SERVICE FUNDS  |                      |
|  | 2004                 | 2003                 | 2004                       | 2003                 |
| \$ 2,157,635.51                              | \$ 4,468,261.05      | \$ 4,287,959.72      | \$ 588,593.03              | \$ 512,341.10        |
| (1,323,356.46)                               | (2,753,199.78)       | (2,809,512.77)       | (683,765.24)               | (295,704.65)         |
| (405,711.80)                                 | (1,117,719.12)       | (266,719.38)         | (148,233.22)               | (31,506.50)          |
| <u>428,567.25</u>                            | <u>597,342.15</u>    | <u>1,211,727.57</u>  | <u>(243,405.43)</u>        | <u>185,129.95</u>    |
| 1,208.33                                     | 1,247.57             | 14,800.79            | (35,353.94)                | (42,517.00)          |
| (33,986.22)                                  | (58,639.44)          | (674,945.00)         |                            |                      |
| <u>(32,777.89)</u>                           | <u>(57,391.87)</u>   | <u>(660,144.21)</u>  | <u>(35,353.94)</u>         | <u>(42,517.00)</u>   |
| (364,934.40)                                 | (491,087.58)         | (409,469.48)         | (58,743.32)                | (155,404.00)         |
| (30,000.00)                                  | (55,000.00)          | (50,000.00)          | 94,857.31                  | 115,800.00           |
|  |                      | 21,596.00            | 9,232.33                   |                      |
| (5,485.26)                                   | (27,359.26)          | (29,205.50)          | (7,739.41)                 |                      |
| <u>(400,419.66)</u>                          | <u>(573,446.84)</u>  | <u>(467,078.98)</u>  | <u>37,606.91</u>           | <u>(39,604.00)</u>   |
| 6,018.29                                     | 16,947.72            | 17,226.38            | 3,866.15                   | 4,838.82             |
| 1,387.99                                     | (16,548.84)          | 101,730.76           | (237,286.31)               | 107,847.77           |
|  |                      | (63,135.74)          | (67,308.00)                |                      |
| 152,071.75                                   | 332,488.81           | 293,893.79           | 430,595.41                 | 322,747.64           |
| \$ <u>153,459.74</u>                         | \$ <u>315,939.97</u> | \$ <u>332,488.81</u> | \$ <u>126,001.10</u>       | \$ <u>430,595.41</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF CASH FLOWS - Concluded**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|   | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |                                  |
|---|--|----------------------------------|
|   | AUTO<br>PARKING                              | WASTEWATER<br>TREATMENT<br>PLANT |
| RECONCILIATION OF OPERATING<br>INCOME TO NET CASH PROVIDED<br>BY OPERATING ACTIVITIES     |  |                                  |
| Operating income (loss)   | \$ <u>(18,619.26)</u>                        | \$ <u>551,715.45</u>             |
| Adjustments to reconcile operating income<br>to net cash provided by operating activities |  |                                  |
| Depreciation  | 6,081.49                                     | 351,594.77                       |
| (Increase) decrease in restricted cash<br>and investments                                 |  | (643,578.51)                     |
| (Increase) decrease in inventory  |  |                                  |
| (Increase) decrease in accounts receivable  | (60.45)                                      | (6,005.44)                       |
| (Increase) decrease in bond discounts   |  | 720.00                           |
| (Increase) decrease in prepaid expenses   | (194.97)                                     | 1,536.89                         |
| (Increase) decrease in due from other funds   |  | 2,500.79                         |
| (Increase) decrease in deposits   |  |                                  |
| Increase (decrease) in accounts payable   | (1,839.09)                                   | (84,533.64)                      |
| Increase (decrease) in due to other funds   |  |                                  |
| Increase (decrease) in accrued expenses   | 100.06                                       | 9,356.81                         |
| Increase (decrease) in performance<br>bonds payable                                       |  |                                  |
| Total adjustments   | <u>4,087.04</u>                              | <u>(368,408.33)</u>              |
| NET CASH PROVIDED BY (USED IN)<br>OPERATING ACTIVITIES                                    | \$ <u><u>(14,532.22)</u></u>                 | \$ <u><u>183,307.12</u></u>      |

See accompanying notes to financial statements.

| BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |               |                 | GOVERNMENTAL<br>ACTIVITIES<br>INTERNAL<br>SERVICE FUNDS |               |
|--|---------------|-----------------|---|---------------|
| WATER<br>SUPPLY                              | 2004          | TOTAL<br>2003   | 2004  | 2003          |
| \$ 342,998.62                                | \$ 876,094.81 | \$ 590,736.86   | \$ (44,610.27)  | \$ 69,427.42  |
| 66,406.03                                    | 424,082.29    | 416,907.70      | 101,395.68  | 116,369.83    |
| 36,468.52                                    | (607,109.99)  | 33,550.43       | (300,000.00)  |               |
| (6,987.37)                                   | (6,987.37)    | 13,738.58       | (5,134.35)  | (394.50)      |
| (12,961.03)                                  | (19,026.92)   | 40,459.63       | (169.25)  |               |
|  | 720.00        | 720.00          |   |               |
| (1,731.31)                                   | (389.39)      | (4,271.39)      | (1,905.42)  | (905.29)      |
| 2,702.52                                     | 5,203.31      | (6,380.39)      |   | 98.28         |
| 663.26                                       | 663.26        | 443.88          |   |               |
| 1,340.68                                     | (85,032.05)   | 107,421.92      | (2,005.18)  | (820.69)      |
|  |               |                 | 7,971.08  |               |
| (2,832.67)                                   | 6,624.20      | 16,650.35       | 1,052.28  | 1,354.90      |
| 2,500.00                                     | 2,500.00      | 1,750.00        |   |               |
| 85,568.63                                    | (278,752.66)  | 620,990.71      | (198,795.16)  | 115,702.53    |
| \$ 428,567.25                                | \$ 597,342.15 | \$ 1,211,727.57 | \$ (243,405.43)   | \$ 185,129.95 |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2004**

|                                 | PAYROLL<br>CLEARING | SPECIAL<br>ASSESSMENT<br>CREDIT<br>ESCROW | TAX<br>COLLECTION |
|---------------------------------|---------------------|---|-------------------|
| ASSETS                          |                     |   |                   |
| Cash                            | \$ 42,249.13        | \$  | \$ 2,629.99       |
| Accounts receivable             |                     |   | 35,813.67         |
| TOTAL ASSETS                    | \$ 42,249.13        | \$  | \$ 38,443.66      |
| LIABILITIES AND<br>FUND BALANCE |                     |   |                   |
| LIABILITIES                     |                     |   |                   |
| Accounts payable                | \$ 42,249.13        | \$  | \$ 30.00          |
| Undistributed taxes             |                     |   | 2,599.99          |
| Due to other funds              |                     |   | 35,813.67         |
| TOTAL LIABILITIES               | \$ 42,249.13        | \$  | \$ 38,443.66      |

See accompanying notes to financial statements.



**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|                                     | JULY 1,<br>2003     | ADDITONS                       | DEDUCTIONS              | JUNE 30,<br>2004                      |
|-------------------------------------|---------------------|--------------------------------|-------------------------|---------------------------------------|
| <b>TAX COLLECTION FUND</b>          |                     |                                |                         |                                       |
| <b>ASSETS</b>                       |                     |                                |                         |                                       |
| Cash                                | \$ 5,014.29         | \$ 3,716,454.21                | \$ 3,718,838.51         | \$ 2,629.99                           |
| Property tax receivable             | <u>37,038.72</u>    | <u>14,040,027.49</u>           | <u>14,041,252.54</u>    | <u>35,813.67</u>                      |
| <b>TOTAL ASSETS</b>                 | <u>\$ 42,053.01</u> | <u>\$ 17,756,481.70</u>        | <u>\$ 17,760,091.05</u> | <u>\$ 38,443.66</u>                   |
| <b>LIABILITIES</b>                  |                     |                                |                         |                                       |
| Accounts payable                    | \$ 1,540.49         | \$ 6,225,511.13                | \$ 6,227,021.62         | \$ 30.00                              |
| Undistributed taxes                 | <u>3,473.80</u>     | <u>12,348,822.98</u>           | <u>12,349,696.79</u>    | <u>2,599.99</u>                       |
| Due to other funds                  | <u>37,038.72</u>    | <u>4,853,598.09</u>            | <u>4,854,823.14</u>     | <u>35,813.67</u>                      |
| <b>TOTAL LIABILITIES</b>            | <u>\$ 42,053.01</u> | <u>\$ 23,427,932.20</u>        | <u>\$ 23,431,541.55</u> | <u>\$ 38,443.66</u>                   |
| <b>PAYROLL CLEARING FUND</b>        |                     |                                |                         |                                       |
| <b>ASSETS</b>                       |                     |                                |                         |                                       |
| Cash                                | \$ <u>40,467.50</u> | \$ <u>247,147.14</u>           | \$ <u>245,365.50</u>    | \$ <u>42,249.14</u>                   |
| <b>LIABILITIES</b>                  |                     |                                |                         |                                       |
| Accounts payable                    | \$ <u>40,467.50</u> | \$ <u>2,972,501.53</u>         | \$ <u>2,970,719.89</u>  | \$ <u>42,249.14</u>                   |
| <b>SPECIAL ASSETS CREDIT ESCROW</b> |                     |                                |                         |                                       |
| <b>ASSETS</b>                       |                     |                                |                         |                                       |
| Cash                                | \$ <u>1,147.09</u>  | \$ <u>                    </u> | \$ <u>1,147.09</u>      | \$ <u>                    </u>        |
| <b>LIABILITIES</b>                  |                     |                                |                         |                                       |
| Accounts payable                    | \$ 1,147.14         | \$ <u>                    </u> | \$ 1,147.14             | \$ <u>                    </u>        |
| Undistributed taxes                 | <u>(0.05)</u>       | <u>1,147.37</u>                | <u>1,147.32</u>         | <u>                    </u>           |
| <b>TOTAL LIABILITIES</b>            | <u>\$ 1,147.09</u>  | <u>\$ 1,147.37</u>             | <u>\$ 2,294.46</u>      | <u>\$ <u>                    </u></u> |
| <b>TOTAL</b>                        |                     |                                |                         |                                       |
| <b>ASSETS</b>                       |                     |                                |                         |                                       |
| Cash                                | \$ 46,628.88        | \$ 3,963,601.35                | \$ 3,965,351.10         | \$ 44,879.13                          |
| Property tax receivable             | <u>37,038.72</u>    | <u>14,040,027.49</u>           | <u>14,041,252.54</u>    | <u>35,813.67</u>                      |
| <b>TOTAL ASSETS</b>                 | <u>\$ 83,667.60</u> | <u>\$ 18,003,628.84</u>        | <u>\$ 18,006,603.64</u> | <u>\$ 80,692.80</u>                   |
| <b>LIABILITIES</b>                  |                     |                                |                         |                                       |
| Accounts payable                    | \$ 43,155.13        | \$ 9,198,012.66                | \$ 9,198,888.65         | \$ 42,279.14                          |
| Undistributed taxes                 | <u>3,473.75</u>     | <u>12,349,970.35</u>           | <u>12,350,844.11</u>    | <u>2,599.99</u>                       |
| Due to other funds                  | <u>37,038.72</u>    | <u>4,853,598.09</u>            | <u>4,854,823.14</u>     | <u>35,813.67</u>                      |
| <b>TOTAL LIABILITIES</b>            | <u>\$ 83,667.60</u> | <u>\$ 26,401,581.10</u>        | <u>\$ 26,404,555.90</u> | <u>\$ 80,692.80</u>                   |

See accompanying notes to financial statements.

**CITY OF LAPEER, MICHIGAN**  
**BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

|   | SPECIAL<br>REVENUE   | DEBT<br>SERVICE        |
|---|----------------------|------------------------|
| <b>ASSETS</b>                                 |                      |                        |
| Cash  | \$ 404,071.78        | \$ 717,454.30          |
| Investments                                   |                      |                        |
| Receivables                                   |                      |                        |
| Accounts                                      | 100,888.32           |                        |
| Special assessments                           |                      | 348,232.66             |
| Due from                                      |                      |                        |
| Other funds                                   | 5,173.70             | 16,558.51              |
| State   | 24,207.93            |                        |
| Prepaid expenses                              | 6,408.78             | 3,385.75               |
| TOTAL ASSETS                                  | <u>\$ 540,750.51</u> | <u>\$ 1,085,631.22</u> |
| <br><b>LIABILITIES AND FUND BALANCE</b>       |                      |                        |
| <b>LIABILITIES</b>                            |                      |                        |
| Payables                                      |                      |                        |
| Accounts                                      | \$ 24,779.88         | \$                     |
| Payroll and payroll taxes                     | 7,930.09             |                        |
| Due to other funds                            | 71,599.91            | 577.25                 |
| Deferred revenue                              |                      | 348,232.66             |
| TOTAL LIABILITIES                             | <u>104,309.88</u>    | <u>348,809.91</u>      |
| <b>FUND BALANCE</b>                           |                      |                        |
| Reserved for cemetery                         |                      |                        |
| perpetual care                                |                      | 736,821.31             |
| Reserved for debt service                     |                      |                        |
| Unreserved                                    | 436,440.63           |                        |
| TOTAL FUND BALANCE                            | <u>436,440.63</u>    | <u>736,821.31</u>      |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <u>\$ 540,750.51</u> | <u>\$ 1,085,631.22</u> |

See accompanying notes to financial statements.

TOTAL  
NONMAJOR  
GOVERNMENTAL  
FUNDS

CAPITAL  
PROJECTS

PERMANENT  
FUND

|                      |                      |                        |
|----------------------|----------------------|------------------------|
| \$ 451,421.15        | \$ 150,392.26        | \$ 1,723,339.49        |
| 300,000.00           |                      | 300,000.00             |
| 71,560.28            | 180.00               | 172,628.60             |
|                      |                      | 348,232.66             |
|                      |                      | 21,732.21              |
|                      |                      | 24,207.93              |
|                      |                      | 9,794.53               |
| <u>\$ 822,981.43</u> | <u>\$ 150,572.26</u> | <u>\$ 2,599,935.42</u> |
| \$ 50,912.53         | \$                   | \$ 75,692.41           |
| 2,543.27             |                      | 7,930.09               |
|                      |                      | 74,720.43              |
| <u>53,455.80</u>     |                      | 348,232.66             |
|                      |                      | <u>506,575.59</u>      |
|                      | 150,231.27           | 150,231.27             |
| 769,525.63           | 340.99               | 736,821.31             |
| <u>769,525.63</u>    | <u>150,572.26</u>    | 1,206,307.25           |
| \$ <u>822,981.43</u> | \$ <u>150,572.26</u> | <u>2,093,359.83</u>    |
|                      |                      | \$ <u>2,599,935.42</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|  | SPECIAL<br>REVENUE   | DEBT<br>SERVICE      |
|--|----------------------|----------------------|
| REVENUES   |                      |                      |
| Taxes and special assessments  | \$                   | \$ 205,186.27        |
| Intergovernmental  | 325,463.41           |                      |
| Charges for services   | 46,857.80            |                      |
| Interest and rentals   | 53,543.83            | 26,713.74            |
| Other revenues   | 95,021.50            | 1,442.07             |
| TOTAL REVENUES   | <u>520,886.54</u>    | <u>233,342.08</u>    |
| EXPENDITURES   |                      |                      |
| Public safety  | 9,053.69             |                      |
| Community development<br>and enrichment  | 426,622.48           |                      |
| Debt service   |                      |                      |
| Principal retirement   |                      | 933,328.89           |
| Interest and fiscal charges  |                      | 274,045.95           |
| Other  | 128,450.71           |                      |
| Highways and streets   | 177,054.98           |                      |
| Capital outlay   |                      |                      |
| TOTAL EXPENDITURES   | <u>741,181.86</u>    | <u>1,207,374.84</u>  |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES                                     | <u>(220,295.32)</u>  | <u>(974,032.76)</u>  |
| OTHER FINANCING SOURCES (USES)   |                      |                      |
| Proceeds of bond issues and loans  | 354,495.47           | 889,816.18           |
| Operating transfers in   | (83,861.82)          | (42,728.58)          |
| Operating transfers out  |                      |                      |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>270,633.65</u>    | <u>847,087.60</u>    |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER SOURCES OVER<br>EXPENDITURES AND OTHER USES | 50,338.33            | (126,945.16)         |
| FUND BALANCE, JULY 1   | <u>386,102.30</u>    | <u>863,766.47</u>    |
| FUND BALANCE, JUNE 30  | <u>\$ 436,440.63</u> | <u>\$ 736,821.31</u> |

See accompanying notes to financial statements.

| CAPITAL<br>PROJECTS  | PERMANENT<br>FUND    | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|----------------------|----------------------|--|
| \$                   | \$                   | \$   |
| 6,853.43             | 1,451.13             | 205,186.27                                 |
| <u>250,102.97</u>    | <u>500.00</u>        | 325,463.41                                 |
| 256,956.40           | 1,951.13             | 46,857.80                                  |
|                      |                      | 88,562.13                                  |
|                      |                      | <u>347,066.54</u>                          |
|                      |                      | 1,013,136.15                               |
|                      |                      | 9,053.69                                   |
|                      |                      | 426,622.48                                 |
|                      |                      | 933,328.89                                 |
|                      |                      | 274,045.95                                 |
|                      | 275.00               | 128,725.71                                 |
|                      |                      | 177,054.98                                 |
| <u>400,547.99</u>    |                      | <u>400,547.99</u>                          |
| 400,547.99           | <u>275.00</u>        | 2,349,379.69                               |
| (143,591.59)         | <u>1,676.13</u>      | (1,336,243.54)                             |
| 430,000.00           |                      | 430,000.00                                 |
| 206,958.59           | (1,451.13)           | 1,451,270.24                               |
| <u>(645,675.48)</u>  |                      | <u>(773,717.01)</u>                        |
| (8,716.89)           | <u>(1,451.13)</u>    | 1,107,553.23                               |
| (152,308.48)         | 225.00               | (228,690.31)                               |
| 921,834.11           | <u>150,347.26</u>    | 2,322,050.14                               |
| \$ <u>769,525.63</u> | \$ <u>150,572.26</u> | \$ <u>2,093,359.83</u>                     |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**JUNE 30, 2004**

|  | DOWNTOWN<br>DEVELOPMENT<br>AUTHORITY | BROWNFIELD<br>REDEVELOPMENT | TAX<br>INCREMENT<br>FINANCE<br>AUTHORITY |
|--|--------------------------------------|-----------------------------|--|
| <b>ASSETS</b>                                    |                                      |                             |  |
| Cash   | \$ 148,420.25                        | \$ 103.37                   | \$ 1,049,033.81                          |
| Note receivable                                  |                                      |                             | 219,182.02                               |
| Due from other funds                             | 726.65                               |                             | 6,196.11                                 |
| Capital assets (net of accumulated depreciation) | 238,312.74                           |                             | 4,824,882.98                             |
| <b>RESTRICTED ASSETS</b>                         |                                      |                             |  |
| Cash   |                                      |                             | 960,608.35                               |
| <b>TOTAL ASSETS</b>                              | <u>\$ 387,459.64</u>                 | <u>\$ 103.37</u>            | <u>\$ 7,059,903.27</u>                   |
| <b>LIABILITIES</b>                               |                                      |                             |  |
| Accounts payable                                 | \$                                   | \$                          | \$                                       |
| Due to other funds                               |                                      | 704.88                      | 270,032.42                               |
| Security deposits payable                        |                                      |                             | 5,163.00                                 |
| Accrued interest                                 | 1,294.00                             |                             | 17,310.42                                |
| Long-term liabilities                            |                                      |                             |  |
| Portion due within one year                      | 20,338.98                            |                             | 500,000.00                               |
| Portion due after one year                       | 157,627.11                           |                             | 3,334,160.00                             |
| <b>TOTAL LIABILITIES</b>                         | <u>179,260.09</u>                    | <u>704.88</u>               | <u>4,126,665.84</u>                      |
| <b>FUND BALANCE</b>                              |                                      |                             |  |
| Invested in capital assets, net of related debt  | 60,346.65                            |                             | 940,722.98                               |
| Unreserved                                       | 147,852.90                           | (601.51)                    | 1,992,514.45                             |
| <b>TOTAL FUND BALANCE</b>                        | <u>208,199.55</u>                    | <u>(601.51)</u>             | <u>2,933,237.43</u>                      |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b>    | <u>\$ 387,459.64</u>                 | <u>\$ 103.37</u>            | <u>\$ 7,059,903.27</u>                   |

See accompanying notes to financial statements.

ECONOMIC  
DEVELOPMENT  
CORPORATION  
(12-31-03)

\$ 5,184.18

\$ 5,184.18

\$

5,184.18

5,184.18

\$ 5,184.18

LOCAL  
DEVELOPMENT  
AUTHORITY

\$ 419,950.08

398.84  
206,773.89

\$ 627,122.81

\$ 306.25

                      
306.25

206,773.89

420,042.67

626,816.56

\$ 627,122.81

TOTAL

\$ 1,622,691.69  
219,182.02  
7,321.60  
5,269,969.61

960,608.35

\$ 8,079,773.27

\$ 306.25  
270,737.30  
5,163.00  
18,604.42

520,338.98

3,491,787.11

4,306,937.06

1,207,843.52

2,564,992.69

3,772,836.21

\$ 8,079,773.27

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|                                       |                      | PROGRAM REVENUES           |  |
|---------------------------------------|----------------------|----------------------------|--|
|                                       |                      | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS |
|                                       | EXPENSES             |                            |  |
| Component units                       |                      |                            |  |
| Tax increment financing authority     | \$ 440,802.29        | \$                         | \$                                       |
| Brownfield redevelopment              |                      |                            |  |
| Downtown development authority        | 101,447.61           |                            | 900.00                                   |
| Local development financing authority | 43,515.90            |                            |  |
| Economic development corporation      | 346.00               |                            |  |
| Total Component Units                 | <u>\$ 586,111.80</u> | <u>\$</u>                  | <u>\$ 900.00</u>                         |
| General Revenues                      |                      |                            |  |
| Property taxes                        |                      |                            |  |
| Miscellaneous                         |                      |                            |  |
| Unrestricted investment earnings      |                      |                            |  |
| Transfers                             |                      |                            |  |
| Total General Revenues and Transfers  |                      |                            |  |
| Change in Net assets                  |                      |                            |  |
| NET ASSETS, JULY 1                    |                      |                            |  |
| NET ASSETS, JUNE 30                   |                      |                            |  |

See accompanying notes to financial statements.



NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

| TAX<br>INCREMENT<br>FINANCE<br>AUTHORITY | BROWNFIELD<br>REDEVELOPMENT | DOWNTOWN<br>DEVELOPMENT<br>AUTHORITY | LOCAL<br>DEVELOPMENT<br>FINANCE<br>AUTHORITY | ECONOMIC<br>DEVELOPMENT<br>CORPORATION | TOTAL                                   |
|--|-----------------------------|--------------------------------------|--|--|---|
| \$ (440,802.29)                          | \$                          | \$                                   | \$   | \$                                     | \$ (440,802.29)                         |
|  |                             | (100,547.61)                         | (43,515.90)                                  | (346.00)                               | (100,547.61)<br>(43,515.90)<br>(346.00) |
| <u>(440,802.29)</u>                      |                             | <u>(100,547.61)</u>                  | <u>(43,515.90)</u>                           | <u>(346.00)</u>                        | <u>(585,211.80)</u>                     |
| 923,356.97                               | 45.45                       | 28,238.76                            | 36,925.83                                    |  | 988,567.01                              |
| 62,775.87                                |                             | 470.00                               |  |  | 63,245.87                               |
| 17,184.06                                |                             | 2,321.29                             | 2,107.61                                     | 14.15                                  | 21,627.11                               |
| <u>(619,981.54)</u>                      | <u>(646.96)</u>             | <u>(4,867.41)</u>                    | <u>112,020.77</u>                            |  | <u>(513,475.14)</u>                     |
| 383,335.36                               | <u>(601.51)</u>             | 26,162.64                            | 151,054.21                                   | 14.15                                  | 559,964.85                              |
| <u>(57,466.93)</u>                       | <u>(601.51)</u>             | <u>(74,384.97)</u>                   | <u>107,538.31</u>                            | <u>(331.85)</u>                        | <u>(25,246.95)</u>                      |
| 2,990,704.36                             |                             | 282,584.52                           | 519,278.25                                   | 5,516.03                               | 3,798,083.16                            |
| <u>\$ 2,933,237.43</u>                   | <u>\$ (601.51)</u>          | <u>\$ 208,199.55</u>                 | <u>\$ 626,816.56</u>                         | <u>\$ 5,184.18</u>                     | <u>\$ 3,772,836.21</u>                  |

**CITY OF LAPEER, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Lapeer was incorporated as a City in 1869. The City of Lapeer has operated since 1919 under a Council-Manager form of government and provides the following services: public safety, highways and streets, water, sanitation, recreation, public improvements, planning, zoning, and general administrative services.

The accounting policies of the City of Lapeer conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**A. Reporting Entity**

All funds and account groups under direct control of the City, except for the Lapeer Housing Commission, are included in this report. A separate audit report is prepared by other auditors for this component unit of the City of Lapeer financial reporting entity. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the City's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the City.

**Discretely Presented Component Units**

The following entities are listed as discretely presented component units of the City in the component unit column to emphasize their legally separate status from the primary government. The City is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority  
Tax Increment Finance Authority  
Economic Development Corporation  
Local Development Authority  
Brownfield Redevelopment Authority

Complete financial statements for each individual component unit may be obtained at the entity's administrative office.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the City of Lapeer and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the City of Lapeer is reported separately from certain legally separate component units for which the City of Lapeer, the primary government, is financially accountable.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Government-Wide and Fund Financial Statements - Concluded**

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City of Lapeer.

The City of Lapeer reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The Major Street fund accounts for major street improvements and resurfacing projects.

The Parks and Recreation fund accounts for the activities used to run and maintain the community center and parks throughout the City.

The 1998 Special Assessment Bond fund is used to account for the resources accumulated and payments made for principal and interest payments on these bonds.

The 2002 Special Assessment Bond fund is used to account for the resources accumulated and payments made for principal and interest payments on these bonds.

NOTE 1:

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded**

The City of Lapeer reports the following major proprietary funds:

The Wastewater fund accounts for the activities and operations of the sewage treatment plant and the sewage pumping stations.

The Water fund accounts for the activities and operations of the water distribution system.

The Auto Parking fund accounts for the operation and maintenance of the City's metered and non-metered parking lots.

Additionally, the City of Lapeer reports the following fund types:

Internal Service funds are used to account for motor pool, computer and telephone services provided to other departments on a cost reimbursement basis.

The Mount Hope Cemetery Trust fund is used to account for resources legally held in trust to be used for cemetery perpetual care. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of Lapeer has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Wastewater Fund, and the Auto Parking Fund and other functions and segments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City of Lapeer's policy to use restricted resources first. Unrestricted resources are used as they are needed.

**D. Budgets and Budgetary Accounting**

The City of Lapeer follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May, the Manager submits to the City Commission an operating budget for the fiscal year commencing July 1.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Budgets and Budgetary Accounting - Concluded**

2. No later than May 31, the City Commission legally adopts the budget by resolution.
3. The City Manager has the authority to transfer any amount of money within departments of a fund. Any transfers between funds in excess of \$5,000.00 are proposed to the City Commission for their approval.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Also, all budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.
5. Budget amounts are as originally adopted, or as amended by the City Manager or City Commission. Individual amendments were not material in relation to the original appropriations, which were amended.
6. All annual appropriations lapse at year end.

**E. Receivables**

Receivables have been recognized for all significant amounts due the City. No allowances have been made for uncollectible amounts because, if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

**F. Inventories**

Inventories and supplies held by the Automobile Parking System, Parks, Cemetery and the Waste Water Treatment Plant are immaterial in amount and have not been recognized on the accounting records.

The inventory of supplies held by the Water Supply System, Motor Pool and General Fund as of June 30, 2004 were determined by physical count and valued at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Lapeer as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

G. Capital Assets - Concluded

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

| ASSET CLASS       | DEPRECIABLE LIFE |
|-------------------|------------------|
| Land              | n/a              |
| Land improvements | 10-20 years      |
| Buildings         | 10-40 years      |
| Equipment         | 5-20 years       |
| Vehicles          | 3-10 years       |
| Utility systems   | 10-40 years      |
| Streets           | 20-25 years      |
| Bridges           | 20-25 years      |
| Sidewalks         | 20-25 years      |

H. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

I. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

J. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

K. Restricted Assets

Certain proceeds of the Wastewater and Water Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

L. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**NOTE 2: PROPERTY TAX**

Property tax revenues for 2003 reflected in the accompanying financial statements include property taxes levied July 1, 2003, and substantially collected at June 30, 2004.

The total 2003 levy for the City was \$1,752,769.84.

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1, and payable by July 31. The City bills and collects its own property taxes. The City is permitted by the City Charter to levy taxes up to \$1.00 per \$100.00 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2004, was \$.88 per \$100.00, which means that the City has a tax margin of \$.12 per \$100.00 and could raise up to \$241,066.00 additional tax per year from the present taxable value of \$199,409,173.00 before the limit is reached.

The City levied the following taxes for fiscal year 03-04:

|                               |               |
|-------------------------------|---------------|
| General Governmental Services | 7.7911        |
| Infrastructure Fund           | <u>1.0000</u> |
| TOTAL                         | <u>8.7911</u> |

The delinquent real property taxes of the City are sold to the County of Lapeer. The County intends to sell tax notes as a means of financing the purchase of these property taxes.

**NOTE 3: ACCUMULATED VACATION AND SICK LEAVE**

Accrued vacation and sick leave is recorded as a governmental fund liability at June 30, 2004, to the extent that it is to be liquidated with expendable available financial resources within the current operating cycle. Vacation and sick leave earned as of June 30, 2004, but not liquidated within the current operating cycle is recorded in the General Long-Term Debt Account Group.

Vacation days are earned by employees at a rate of 5 to 26 days per year.

Sick days are earned by employees at a rate of 1 day for each year of service at the beginning of every year plus 1 day per month during the year. Each employee will have 1 less sick day each year until a level of 13 annual sick days has been attained. An employee with no limitation may accumulate unused sick days. However, for payout purposes, sick leave is capped at 160 days or such higher cap as established as of July 1, 1988. Employees with 10 or more years of seniority are paid for fifty percent of their accumulated sick days up to their cap upon retirement or death. Employees with 15 or more years of seniority are paid one-third of accumulated sick days up to their cap upon voluntary resignation. Union employees hired after July 1, 1988 except for AFSCME which is January 11, 1989 and non-union employees hired after November 1, 1988 earn sick days at the rate of .833 day per month. Unused sick days may be accumulated by an employee with no limitations, and with no payment of unused sick leave upon termination of employment.

**NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

P.A. 621 of 1978 provides that cities and other local units of government shall not incur expenditures in excess of the amounts appropriated in the formal budget document adopted by the City Commission.

The following are the activities for which expenditures were made in excess of budget:

NOTE 4: **EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS -**  
 Concluded

| FUNDS                  | BUDGET        | ACTUAL        | VARIANCE<br>UNFAVORABLE |
|------------------------|---------------|---------------|-------------------------|
| General                |               |               |                         |
| City Hall              | \$ 111,375.00 | \$ 112,612.59 | \$( 1,237.59)           |
| Special Revenue        |               |               |                         |
| Building Department    | 16,000.00     | 16,287.25     | ( 287.25)               |
| Public Safety Training | 4,200.00      | 4,314.88      | ( 114.88)               |

NOTE 5: **INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2004 are as follows:

| FUND                     | DUE<br>FROM       | FUND                         | DUE<br>TO         |
|--------------------------|-------------------|------------------------------|-------------------|
| General                  | \$ 81,476.03      | Housing Resource             | \$ 70,509.38      |
|                          |                   | Building Department          | 1,090.53          |
|                          |                   | 1995 General Obligation Bond | 577.25            |
|                          |                   | Information Technology       | 7,676.74          |
|                          |                   | Telephone Communication      | 294.34            |
|                          |                   | Brownfield Redevelopment     | 704.88            |
|                          |                   | Tax Collection               | 622.91            |
| Subtotal                 | <u>81,476.03</u>  | Subtotal                     | <u>81,476.03</u>  |
| Oakdale Development      | <u>5,173.70</u>   | TIFA III                     | <u>5,173.70</u>   |
| DDA                      | 726.65            | General                      | 4,509.98          |
| LDFA                     | 398.84            |                              |                   |
| TIFA I                   | 724.12            |                              |                   |
| TIFA II                  | 227.62            |                              |                   |
| TIFA III                 | <u>2,432.75</u>   |                              |                   |
| Subtotal                 | <u>4,509.98</u>   | Subtotal                     | <u>4,509.98</u>   |
| TIFA III                 | <u>2,543.27</u>   | Capital Improvement          | <u>2,543.27</u>   |
| Major Street             | 259,132.06        | TIFA II                      | 98.28             |
|                          |                   | TIFA I                       | 31,396.72         |
|                          |                   | TIFA III                     | <u>227,637.06</u> |
| Subtotal                 | <u>259,132.06</u> | Subtotal                     | <u>259,132.06</u> |
| Water Treatment Plant    | 2,241.90          | Tax Collection               | 35,190.76         |
| Water                    | 2,896.37          |                              |                   |
| Parks                    | 458.22            |                              |                   |
| 2003 Special Assessment  | 5,270.13          |                              |                   |
| 1995 Special Assessment  | 539.76            |                              |                   |
| 1996 Special Assessment  | 1,923.00          |                              |                   |
| 1997 Special Assessment  | 5,350.86          |                              |                   |
| 2001 Special Assessment  | 2,544.36          |                              |                   |
| 2000 Special Assessment  | 339.74            |                              |                   |
| 1998B Special Assessment | 590.66            |                              |                   |
| 2002 Special Assessment  | <u>13,035.76</u>  |                              |                   |
| Subtotal                 | <u>35,190.76</u>  | Subtotal                     | <u>35,190.76</u>  |



NOTE 5: **INTERFUND RECEIVABLES AND PAYABLES - Concluded**

| FUND  | DUE<br>FROM          | FUND    | DUE<br>TO            |
|-------|----------------------|---------|----------------------|
| Parks | \$ <u>5,458.31</u>   | TIFA II | \$ <u>5,458.31</u>   |
| TOTAL | \$ <u>393,484.11</u> | TOTAL   | \$ <u>393,484.11</u> |

RECONCILIATION TO STATEMENTS

|                   | DUE FROM             | DUE TO               |
|-------------------|----------------------|----------------------|
| Government funds  | \$ 301,144.35        | \$ 7,053.25          |
| Proprietary funds |                      |                      |
| Business-type     | 5,138.27             |                      |
| Internal service  |                      |                      |
| Fiduciary         |                      | 35,813.67            |
| Component unit    | <u>7,053.25</u>      | <u>270,468.95</u>    |
|                   | \$ <u>313,335.87</u> | \$ <u>313,335.87</u> |

NOTE 6: **OPERATING TRANSFERS**

The following are the operating transfers for the year ended June 30, 2004:

| FUND   | TRANSFERS<br>IN     | FUND                                 | TRANSFERS<br>OUT    |
|--|---------------------|--------------------------------------|---------------------|
| Youth Mini Grant                               | \$ 5,000.00         | General                              | \$ 650,299.75       |
| Parks and Recreation                           | 196,463.00          |                                      |                     |
| Mt. Hope Cemetery                              | 74,191.00           |                                      |                     |
| 2002 Equipment Financing Debt                  | 7,642.75            |                                      |                     |
| Building Department                            | 25,000.00           |                                      |                     |
| 2003 Equipment Financing Debt                  | 76,350.00           |                                      |                     |
| 2001 Building Authority Bond                   | 100,954.00          |                                      |                     |
| 2002 Building Authority Bond                   | <u>164,699.00</u>   |                                      |                     |
|  | <u>650,299.75</u>   |                                      | <u>650,299.75</u>   |
| 2000 General Obligation Limited Tax Bond Debt  | 35,288.00           | Major Street                         | 445,750.00          |
| 1997 General Obligation Limited Tax Bond Debt  | 58,660.00           |                                      |                     |
| 1998 General Obligation Limited Tax Bond Debt  | 122,011.00          |                                      |                     |
| 1998B General Obligation Limited Tax Bond Debt | 24,370.00           |                                      |                     |
| 2001 General Obligation Limited Tax Bond Debt  | 29,856.00           |                                      |                     |
| Local Street                                   | 101,372.00          |                                      |                     |
| 2002 General Obligation Limited Tax Bond Debt  | <u>74,193.00</u>    |                                      |                     |
|  | <u>445,750.00</u>   |                                      | <u>445,750.00</u>   |
| 1990 Michigan Transportation                   | <u>16,507.00</u>    | Local Street                         | <u>16,507.00</u>    |
| Major Street                                   | 1,008,623.16        | Downtown Development Authority       | 89,549.74           |
|  |                     | 2002 Special Assessment Construction | 24.37               |
|  |                     | 2002 General Obligation Construction | 115.40              |
|  |                     | Tax Increment Finance Authority      | 596,132.04          |
|  |                     | 2003 General Obligation Construction | 168,817.66          |
|  |                     | 2003 Special Assessment Construction | 153,846.04          |
|  |                     | 2002 Equipment Financing             | <u>137.91</u>       |
|  | <u>1,008,623.16</u> |                                      | <u>1,008,623.16</u> |

NOTE 6: **OPERATING TRANSFERS - Continued**

| FUND  | TRANSFERS<br>IN   | FUND   | TRANSFERS<br>OUT  |
|---|-------------------|--|-------------------|
| 2001 Building Authority Bond                  | \$ 29,970.00      | Capital Improvement                            | \$ 68,695.00      |
| Downtown Development Authority                | 10,000.00         |  |                   |
| Parks and Recreation                          | 5,000.00          |  |                   |
| 1995 General Obligation Limited Tax Bond Debt | 11,530.00         |  |                   |
| 1996 General Obligation Limited Tax Bond Debt | <u>12,195.00</u>  |  |                   |
|   | <u>68,695.00</u>  |  | <u>68,695.00</u>  |
| Mt. Hope Cemetery                             | <u>1,451.13</u>   | Mt. Hope Cemetery Perpetual<br>Care-expendable | <u>1,451.13</u>   |
| 2002 Equipment Financing Debt                 | 2,703.22          | Wastewater Treatment Plant                     | 24,653.22         |
| 1999 Building Authority Bond                  | <u>21,950.00</u>  |  |                   |
|   | <u>24,653.22</u>  |  | <u>24,653.22</u>  |
| Capital Improvement                           | <u>1,000.00</u>   | Tax Increment Finance Authority                | <u>1,000.00</u>   |
| General                                       | 369,113.09        | Local Development Finance Authority            | 13,814.00         |
|   |                   | Land Acquisition                               | 216,476.00        |
|   |                   | Capital Improvement                            | 32,919.96         |
|   |                   | Brownfield Redevelopment                       | 704.88            |
|   |                   | Building Department                            | 15,073.25         |
|   |                   | Housing Resource                               | 18,718.00         |
|   |                   | Downtown Development Authority                 | 6,385.00          |
|   |                   | Tax Increment Finance Authority                | <u>65,022.00</u>  |
|   | <u>369,113.09</u> |  | <u>369,113.09</u> |
| Oakdale Development                           | <u>140,038.98</u> | Tax Increment Finance Authority                | <u>140,038.98</u> |
| Tax Increment Finance Authority               | 649,951.24        | General  | 839,962.11        |
| Local Development Finance Authority           | 125,834.77        |  |                   |
| Downtown Development Authority                | 64,118.18         |  |                   |
| Brownfield Redevelopment                      | <u>57.92</u>      |  |                   |
|   | <u>839,962.11</u> |  | <u>839,962.11</u> |
| Water Supply                                  | <u>1,208.33</u>   | Building Department                            | <u>1,208.33</u>   |
| Parks and Recreation                          | <u>296,239.76</u> | Tax Increment Finance Authority                | <u>296,239.76</u> |
| 2002 Equipment Financing Debt                 | 233.94            | Motor Pool                                     | 35,353.94         |
| 1999 Building Authority Bond                  | <u>35,120.00</u>  |  |                   |
|   | <u>35,353.94</u>  |  | <u>35,353.94</u>  |
| 2002 Equipment Financing Debt                 | 3,256.22          | Water Supply                                   | 33,986.22         |
| 1999 Building Authority Bond                  | <u>30,730.00</u>  |  |                   |
|   | <u>33,986.22</u>  |  | <u>33,986.22</u>  |
| Parks and Recreation                          | <u>1,189.72</u>   | 2002 Equipment Financing Debt                  | <u>1,189.72</u>   |
| 2001 Building Authority Bond                  | <u>26,816.00</u>  | Oakdale Development                            | <u>26,816.00</u>  |
| Parks and Recreation                          | <u>5,000.00</u>   | Youth Mini Grant                               | <u>5,000.00</u>   |
| Waste Water Treatment Plant                   | <u>39.24</u>      | Building Department                            | <u>39.24</u>      |
| Local Street                                  | 6,942.36          | 2002 Equipment Financing                       | 137.91            |
|   | <u>6,942.36</u>   | 1994 Special Assessment                        | <u>6,804.45</u>   |
|   |                   |  | <u>6,942.36</u>   |

NOTE 6: **OPERATING TRANSFERS - Concluded**

| FUND                          | TRANSFERS<br>IN        | FUND                            | TRANSFERS<br>OUT       |
|-------------------------------|------------------------|---------------------------------|------------------------|
| Police K-9                    | \$ <u>500.00</u>       | General Forfeiture              | \$ <u>500.00</u>       |
| 2003 Equipment Financing Debt | <u>4,781.05</u>        | 2003 Equipment Financing        | <u>4,781.05</u>        |
| Capital Improvement           | 11,193.00              | 2002 Equipment Financing        | 34,458.59              |
| Land Acquisition              | <u>23,265.59</u>       |                                 |                        |
|                               | <u>34,458.59</u>       |                                 | <u>34,458.59</u>       |
| Land Acquisition              | <u>171,500.00</u>      | Tax Increment Finance Authority | <u>171,500.00</u>      |
|                               | \$ <u>4,184,108.65</u> |                                 | \$ <u>4,184,108.65</u> |

RECONCILIATION TO STATEMENTS

|                          | TRANSFERS<br>IN        | TRANSFERS<br>OUT       |
|--------------------------|------------------------|------------------------|
| Government funds         | \$ 3,332,898.97        | \$ 2,709,728.87        |
| Proprietary funds        |                        |                        |
| Business-type            | 1,247.57               | 58,639.44              |
| Internal service         |                        | 35,353.94              |
| Fiduciary                |                        |                        |
| Component unit           | <u>849,962.11</u>      | <u>1,363,437.25</u>    |
| Subtotal                 | <u>4,184,108.65</u>    | <u>4,167,159.50</u>    |
| Component unit Principal |                        | <u>16,949.15</u>       |
|                          | \$ <u>4,184,108.65</u> | \$ <u>4,184,108.65</u> |

NOTE 7: **CASH AND INVESTMENTS**

The cash equity of the various funds at June 30, 2004 is as follows:

| FUND                   | COMMON<br>CASH | OTHER<br>CASH | INVESTMENTS     | RESTRICTED<br>CASH AND<br>INVESTMENTS | TOTAL           |
|------------------------|----------------|---------------|-----------------|---------------------------------------|-----------------|
| General                | \$ 477,678.77  | \$ 1,007.50   | \$ 1,020,000.00 | \$                                    | \$ 1,498,686.27 |
| Major Street           | 234,579.54     |               |                 |                                       | 234,579.54      |
| Local Street           | 316,043.96     |               |                 |                                       | 316,043.96      |
| Parks and Recreation   | 150,826.92     | 32,073.57     |                 |                                       | 182,900.49      |
| Mt. Hope Cemetery      | 37,829.39      |               |                 |                                       | 37,829.39       |
| Youth Mini-grant       | 268.80         |               |                 |                                       | 268.80          |
| Local Development      |                |               |                 |                                       |                 |
| Finance Authority      |                | 419,950.08    |                 |                                       | 419,950.08      |
| Drug Law Enforcement   | 20,114.30      |               |                 |                                       | 20,114.30       |
| D.A.R.E.               | 8,241.93       |               |                 |                                       | 8,241.93        |
| Public safety training | 2,399.97       |               |                 |                                       | 2,399.97        |
| Economic Development   |                |               |                 |                                       |                 |
| Corporation (12-31-03) |                | 5,184.18      |                 |                                       | 5,184.18        |
| Downtown Development   |                |               |                 |                                       |                 |
| Authority              |                | 148,420.25    |                 |                                       | 148,420.25      |
| Oakdale Development    | 14,939.37      |               |                 |                                       | 14,939.37       |
| General forfeiture     | 729.02         |               |                 |                                       | 729.02          |
| Police K-9 Program     | 3,505.04       |               |                 |                                       | 3,505.04        |
| Tax Increment          |                |               |                 |                                       |                 |
| Finance Authority      |                | 1,049,033.81  |                 | 960,608.35                            | 2,009,642.16    |

NOTE 7: **CASH AND INVESTMENTS - Continued**

The cash equity of the various funds at June 30, 2004 is as follows:

| FUND  | COMMON<br>CASH         | OTHER<br>CASH          | INVESTMENTS            | RESTRICTED<br>CASH AND<br>INVESTMENTS | TOTAL                  |
|---|------------------------|------------------------|------------------------|---------------------------------------|------------------------|
| 1995 General Obligation<br>Limited Tax Bonds          | \$                     | \$ 5,453.99            | \$                     | \$                                    | \$ 5,453.99            |
| 1996 General Obligation<br>Limited Tax Bonds          |                        | 2,554.63               |                        |                                       | 2,554.63               |
| 1997 General Obligation<br>Limited Tax Bonds          |                        | 1,883.19               |                        |                                       | 1,883.19               |
| Capital Improvement                                   | 222,073.76             |                        |                        |                                       | 222,073.76             |
| 1998 General Obligation<br>Limited Tax Bonds          |                        | 3,480.82               |                        |                                       | 3,480.82               |
| 1998 Series B General Obligation<br>Limited Tax Bonds |                        | 1,387.18               |                        |                                       | 1,387.18               |
| 2000 General Obligation<br>Limited Tax Bonds          |                        | 1,435.21               |                        |                                       | 1,435.21               |
| 2001 General Obligation<br>Limited Tax Bonds          |                        | 3,786.93               |                        |                                       | 3,786.93               |
| 2003 Special Assessment Bonds                         |                        | 89,028.12              |                        |                                       | 89,028.12              |
| 1995 Special Assessment Bonds                         | 370.41                 | 143,016.75             |                        |                                       | 143,387.16             |
| 1996 Special Assessment Bonds                         | 1,265.94               | 53,412.70              |                        |                                       | 54,678.64              |
| 1997 Special Assessment Bonds                         | 4,919.23               | 163,478.25             |                        |                                       | 168,397.48             |
| 1998 Special Assessment Bonds                         | 5,976.16               | 290,803.66             |                        |                                       | 296,779.82             |
| 1998 Series B Special<br>Assessment Bonds             |                        | 20,973.57              |                        |                                       | 20,973.57              |
| 2000 Special Assessment Bonds                         |                        | 21,880.87              |                        |                                       | 21,880.87              |
| 2001 Special Assessment Bonds                         | 858.07                 | 92,066.70              |                        |                                       | 92,924.77              |
| 2002 Special Assessment Bonds                         | 1,950.11               | 102,351.52             |                        |                                       | 104,301.63             |
| 2003 General Obligation<br>Construction               |                        | 51,958.53              |                        |                                       | 51,958.53              |
| 2002 Building Authority Bonds                         |                        | 24,885.55              |                        |                                       | 24,885.55              |
| 2001 Building Authority Bonds                         |                        | 30,655.85              |                        |                                       | 30,655.85              |
| 1999 Building Authority Bonds                         |                        | 38,639.86              |                        |                                       | 38,639.86              |
| 1990 Michigan Transportation                          |                        | 6,706.23               |                        |                                       | 6,706.23               |
| Land acquisition                                      | 126,715.75             |                        | 300,000.00             |                                       | 426,715.75             |
| Auto parking  | 40,922.47              |                        |                        |                                       | 40,922.47              |
| Waste Water Treatment Plant                           | 121,557.76             |                        |                        | 1,292,864.13                          | 1,414,421.89           |
| Water supply  | 153,359.74             | 100.00                 |                        | 442,047.33                            | 595,507.07             |
| Motor Pool  | 126,001.10             |                        | 300,000.00             |                                       | 426,001.10             |
| Mt. Hope Cemetery Perpetual Care                      | 150,392.26             |                        |                        |                                       | 150,392.26             |
| 2002 General Obligation<br>Limited Tax Bonds          |                        | 8.52                   |                        |                                       | 8.52                   |
| 2003 General Obligation<br>Limited Tax Bonds          |                        | 440.69                 |                        |                                       | 440.69                 |
| 2003 Special Assessment<br>Construction               |                        | 47,245.72              |                        |                                       | 47,245.72              |
| 2002 Equipment Financing<br>Debt Fund                 |                        | 75.51                  |                        |                                       | 75.51                  |
| 2003 Equipment Financing<br>Debt Fund                 |                        | 4,789.53               |                        |                                       | 4,789.53               |
| 2002 Equipment Financing                              | 3,427.39               |                        |                        |                                       | 3,427.39               |
| Tax Collection  | 2,629.99               |                        |                        |                                       | 2,629.99               |
| Payroll Clearing                                      | 42,249.13              |                        |                        |                                       | 42,249.13              |
| Brownfield Redevelopment Authority                    |                        | 103.37                 |                        |                                       | 103.37                 |
| <b>TOTAL</b>  | <b>\$ 2,271,826.28</b> | <b>\$ 2,858,272.84</b> | <b>\$ 1,620,000.00</b> | <b>\$ 2,695,519.81</b>                | <b>\$ 9,445,618.93</b> |

NOTE 7: **CASH AND INVESTMENTS - Concluded**

RECONCILIATION TO STATEMENTS

|                   | COMMON<br>CASH         | OTHER<br>CASH          | INVESTMENTS            | RESTRICTED<br>CASH AND<br>INVESTMENTS | TOTAL                  |
|-------------------|------------------------|------------------------|------------------------|---------------------------------------|------------------------|
| Government funds  | \$ 1,785,106.09        | \$ 1,235,481.15        | \$ 1,320,000.00        | \$                                    | \$ 4,340,587.24        |
| Proprietary funds |                        |                        |                        |                                       |                        |
| Enterprise        | 315,839.97             | 100.00                 |                        | 1,734,911.46                          | 2,050,851.43           |
| Internal service  | 126,001.10             |                        | 300,000.00             |                                       | 426,001.10             |
| Fiduciary funds   | 44,879.12              |                        |                        |                                       | 44,879.12              |
| Component units   |                        | <u>1,622,691.69</u>    |                        | <u>960,608.35</u>                     | <u>2,583,300.04</u>    |
| TOTAL             | <u>\$ 2,271,826.28</u> | <u>\$ 2,858,272.84</u> | <u>\$ 1,620,000.00</u> | <u>\$ 2,695,519.81</u>                | <u>\$ 9,445,618.93</u> |

FINANCIAL STATEMENT  
PRESENTATION

|                                 |                        |
|---------------------------------|------------------------|
| Cash                            | \$ 5,130,099.12        |
| Investments                     | 1,620,000.00           |
| Restricted cash and investments | <u>2,695,519.81</u>    |
| TOTAL                           | <u>\$ 9,445,618.93</u> |

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper within the three highest rate classifications by at least two rating services, repurchase agreements collateralized by U. S. government securities, bankers acceptances and mutual funds composed of investments which are legal for direct investment by local units of government in Michigan.

As of June 30, 2004, the carrying amount and bank balance for each type of account is as follows:

| ACCOUNT TYPE  | BOOK<br>BALANCE        | BANK<br>BALANCE        |
|---------------|------------------------|------------------------|
| Cash deposits | \$ <u>9,445,618.93</u> | \$ <u>9,546,663.97</u> |

Investments

The City's investments (including those presented as cash) are categorized as follows to give an indication of the level of risk assumed by the City. Category 1 includes deposits and investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the brokers' or dealers' trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

At June 30, 2004, the City's investments were categorized as follows:

|            |                 |
|------------|-----------------|
| Category 1 | \$ 1,278,632.64 |
| Category 2 | 8,268,031.33    |
| Category 3 |                 |

The City has adopted a formal investment policy as required by Act 20, P. A. 1943 as amended, that complies with State law.

**NOTE 8: DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates in the Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the City of Lapeer, City Hall, Lapeer, Michigan.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units, and requires a contribution from the City of 9.23 to 21.52 percent of employee salaries.

Annual Pension Cost

For year ended December 31, 2003 the City's annual pension cost of \$322,056.74 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a five year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

|   | FISCAL YEAR ENDED<br>DECEMBER 31, |            |            |
|---|-----------------------------------|------------|------------|
|   | 2001                              | 2002       | 2003       |
| Annual pension cost                     | \$ 280,937                        | \$ 300,197 | \$ 322,057 |
| Percentage of APC contributed           | 100%                              | 100%       | 100%       |
| Net pension obligation                  |                                   |            |            |
| Actuarial value of assets               | 8,708,627                         | 8,871,460  | 9,380,754  |
| Actuarial Accrued Liability (entry age) | 9,712,841                         | 10,750,223 | 11,968,367 |
| Unfunded Actuarial Accrued Liability    | 1,004,214                         | 1,878,763  | 2,587,613  |
| Funded ratio                            | 89.7%                             | 82.5%      | 78.4%      |
| Covered payroll                         | 3,102,356                         | 3,387,332  | 3,531,312  |
| UAAL as a percentage of covered payroll | 32.4%                             | 55.6%      | 73.3%      |

**NOTE 9: LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended June 30, 2004:

|                        | WATER AND<br>SEWER REVENUE<br>BONDS | GENERAL<br>OBLIGATION<br>BONDS | NOTES<br>PAYABLE | COMPENSATED<br>ABSENCES |
|------------------------|-------------------------------------|--------------------------------|------------------|-------------------------|
| As of July 1, 2003     | \$ 430,000.00                       | \$ 12,165,000.00               | \$ 468,108.00    | \$ 538,105.34           |
| Additions (Reductions) | ( 55,000.00)                        | ( 1,100,000.00)                | ( 40,779.58)     | 18,031.74               |
| As of June 30, 2004    | \$ 375,000.00                       | \$ 11,065,000.00               | \$ 427,328.42    | \$ 556,137.08           |

NOTE 9: **LONG-TERM OBLIGATIONS** - Continued

Long-term debt at June 30, 2004 is comprised of the individual issues:

|   | BALANCE AS OF<br>JULY 1, 2003 | ADDITIONS<br>(DEDUCTIONS) | BALANCE AS OF<br>JUNE 30, 2004 | DUE WITHIN<br>ONE YEAR      |
|---|-------------------------------|---------------------------|--------------------------------|-----------------------------|
| <b>BUSINESS-TYPE ACTIVITIES</b>   |                               |                           |                                |                             |
| \$395,000.00 1986 Water Supply System<br>Revenue Bonds due in annual installments<br>of \$25,000.00 to \$35,000.00 through<br>May 1, 2006; interest at 7.125%<br>to 7.375%.         | \$ 100,000.00                 | \$ ( 30,000.00)           | \$ 70,000.00                   | \$ 35,000.00                |
| \$520,000.00 1987 Sewer Revenue Bonds<br>due in annual installments of \$20,000.00<br>to \$50,000.00 through May 1, 2012;<br>interest at 7.525% to 7.75%.                           | <u>330,000.00</u>             | <u>( 25,000.00)</u>       | <u>305,000.00</u>              | <u>25,000.00</u>            |
| TOTAL BUSINESS-TYPE ACTIVITIES  | 430,000.00                    | ( 55,000.00)              | 375,000.00                     | 60,000.00                   |
| Less: Amount payable within one year  | <u>                    </u>   | <u>( 60,000.00)</u>       | <u>( 60,000.00)</u>            | <u>                    </u> |
| TOTAL LONG-TERM DEBT<br>BUSINESS-TYPE ACTIVITIES  | \$ <u>430,000.00</u>          | \$ <u>( 115,000.00)</u>   | \$ <u>315,000.00</u>           | \$ <u>60,000.00</u>         |
| <b>GOVERNMENTAL ACTIVITIES</b>  |                               |                           |                                |                             |
| <b>PRIMARY GOVERNMENT</b>   |                               |                           |                                |                             |
| \$205,000.00 2003 Special Assessment<br>Bonds due in annual installments of<br>\$15,000.00 to \$25,000.00 through<br>December 1, 2012; interest at 2.20%<br>to 5.20% per annum.     | \$                            | \$ 205,000.00             | \$ 205,000.00                  | \$ 15,000.00                |
| \$225,000.00 2003 General Obligation Tax<br>Bonds due in annual installments of<br>\$15,000.00 to \$30,000.00 through<br>December 1, 2012; interest at 2.20%<br>to 5.20% per annum. |                               | 225,000.00                | 225,000.00                     | 15,000.00                   |
| \$200,000.00 2001 Special Assessment<br>Bonds due in annual installments of<br>\$5,000.00 to \$25,000.00 through<br>December 1, 2010; interest at<br>3.90% per annum.               | 170,000.00                    | ( 20,000.00)              | 150,000.00                     | 20,000.00                   |
| \$275,000.00 2001 General Obligation<br>Limited Tax Bond due in annual<br>installments of \$20,000.00 to<br>\$50,000.00 through December 1,<br>2010; interest at 3.90% per annum.   | 255,000.00                    | ( 20,000.00)              | 235,000.00                     | 20,000.00                   |

NOTE 9: **LONG-TERM OBLIGATIONS - Continued**

|  | BALANCE AS OF<br>JULY 1, 2003 | ADDITIONS<br>(DEDUCTIONS) | BALANCE AS OF<br>JUNE 30, 2004 | DUE WITHIN<br>ONE YEAR |
|--|-------------------------------|---------------------------|--------------------------------|------------------------|
| GOVERNMENTAL ACTIVITIES  |                               |                           |                                |                        |
| PRIMARY GOVERNMENT - Continued   |                               |                           |                                |                        |
| \$645,000.00 1994 Special Assessment<br>Bonds due in annual installments<br>of \$65,000.00 to \$70,000.00<br>through January 1, 2004; interest at<br>5.10% to 5.50% per annum.   | \$ 70,000.00                  | \$( 70,000.00)            | \$                             | \$                     |
| \$940,000.00 1995 Special Assessment<br>Bonds due in annual installments of<br>\$100,000.00 through January 1, 2005;<br>interest at 4.85% to 5.25%.                              | 200,000.00                    | ( 100,000.00)             | 100,000.00                     | 100,000.00             |
| \$110,000.00 1995 General Obligation<br>Limited Tax Bonds due in annual<br>installments of \$10,000.00 to<br>\$15,000.00 through January 1, 2005;<br>interest at 4.85% to 5.25%. | 30,000.00                     | ( 15,000.00)              | 15,000.00                      | 15,000.00              |
| \$112,000.00 1996 Special Assessment<br>Bonds due in annual installments of<br>\$10,000.00 to \$15,000.00 through<br>October 1, 2005; interest at 5.05%<br>to 5.45%.             | 35,000.00                     | ( 10,000.00)              | 25,000.00                      | 10,000.00              |
| \$90,000.00 1996 General Obligation<br>Limited Tax Bond due in annual<br>installments of \$10,000.00 to<br>\$15,000.00 through October 1, 2005;<br>interest at 5.05% to 5.45%.   | 40,000.00                     | ( 10,000.00)              | 30,000.00                      | 15,000.00              |
| \$100,000.00 1990 Michigan Transportation<br>Fund Bonds due in annual installments<br>of \$4,000.00 to \$20,000.00 through<br>March 1, 2005; interest at 7.50%.                  | 40,000.00                     | ( 20,000.00)              | 20,000.00                      | 20,000.00              |
| \$385,000.00 1997 General Obligation<br>Tax Bonds due in annual<br>installments of \$35,000.00 to<br>\$50,000.00 through January 1, 2007;<br>interest at 4.40% to 5.50%.         | 200,000.00                    | ( 50,000.00)              | 150,000.00                     | 50,000.00              |
| \$510,000.00 1997 Special Assessment<br>Bonds due in annual installments of<br>\$45,000.00 to \$60,000.00 through<br>December 1, 2006; interest at 4.40%<br>to 5.50%.            | 225,000.00                    | ( 60,000.00)              | 165,000.00                     | 60,000.00              |
| \$385,000.00 2002 Special Assessment<br>Bonds due in annual installments of<br>\$10,000.00 to \$45,000.00 through<br>November 1, 2011; interest at 4.25%<br>to 4.50%.            | 375,000.00                    | ( 40,000.00)              | 335,000.00                     | 45,000.00              |



NOTE 9: **LONG-TERM OBLIGATIONS - Continued**

|   | BALANCE AS OF<br>JULY 1, 2003 | ADDITIONS<br>(DEDUCTIONS) | BALANCE AS OF<br>JUNE 30, 2004 | DUE WITHIN<br>ONE YEAR |
|---|-------------------------------|---------------------------|--------------------------------|------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>  |                               |                           |                                |                        |
| <b>PRIMARY GOVERNMENT - Continued</b>   |                               |                           |                                |                        |
| \$390,000.00 2002 General Obligation Tax<br>Bonds due in annual installments of<br>\$15,000.00 to \$75,000.00 through<br>November 1, 2011; interest at 4.25%<br>to 4.50%.               | \$ 380,084.76                 | \$ ( 33,050.85)           | \$ 347,033.91                  | \$ 39,661.02           |
| \$1,780,000.00 1998 Special Assessment<br>Bonds due in annual installments of<br>\$160,000.00 to \$215,000.00 through<br>September 1, 2007; interest at<br>4.25% to 4.30%.              | 990,000.00                    | ( 180,000.00)             | 810,000.00                     | 190,000.00             |
| \$180,000.00 1998 Series B General<br>Obligation Limited Tax Bonds due<br>in annual installments of \$15,000.00<br>to \$20,000.00 through February 1,<br>2008; interest 3.85% to 6.85%. | 100,000.00                    | ( 20,000.00)              | 80,000.00                      | 20,000.00              |
| \$134,000.00 1998 Series B Special<br>Assessment Bonds due in annual<br>installments of \$10,000.00 to<br>\$15,000.00 through February 1,<br>2008; interest at 3.85% to 6.85%.          | 70,000.00                     | ( 15,000.00)              | 55,000.00                      | 10,000.00              |
| \$995,000.00 1999 Building Authority<br>Bonds due in annual installment of<br>\$45,000.00 to \$100,000.00 through<br>September 1, 2013; interest at 4.15%.                              | 810,000.00                    | ( 55,000.00)              | 755,000.00                     | 60,000.00              |
| \$1,000,000.00 1998 General Obligation<br>Tax Bonds due in annual installments of<br>\$90,000.00 to \$125,000.00 through<br>September 1, 2007; interest at 4.25%<br>to 4.30%.           | 555,000.00                    | ( 100,000.00)             | 455,000.00                     | 105,000.00             |
| \$270,000.00 2000 General Obligation<br>Limited Tax Bonds due in annual<br>installments of \$20,000.00 to<br>\$50,000.00 through December 1,<br>2009; interest at 4.70%.                | 225,000.00                    | ( 25,000.00)              | 200,000.00                     | 25,000.00              |
| \$1,705,000.00 2001 Building Authority<br>Bonds due in annual installments of<br>\$85,000.00 to \$155,000.00 through<br>April 1, 2016; interest at 4.00% to<br>4.70%.                   | 1,530,000.00                  | ( 90,000.00)              | 1,440,000.00                   | 95,000.00              |
| \$75,000.00 2000 Special Assessment<br>Bonds due in annual installments of<br>\$5,000.00 to \$10,000.00 through<br>December 1, 2009; interest at 4.70%.                                 | 60,000.00                     | ( 10,000.00)              | 50,000.00                      | 10,000.00              |

NOTE 9: LONG-TERM OBLIGATIONS - Continued

|  | BALANCE AS OF<br>JULY 1, 2003 | ADDITIONS<br>(DEDUCTIONS) | BALANCE AS OF<br>JUNE 30, 2004 | DUE WITHIN<br>ONE YEAR |
|--|-------------------------------|---------------------------|--------------------------------|------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>   |                               |                           |                                |                        |
| <b>PRIMARY GOVERNMENT - Concluded</b>  |                               |                           |                                |                        |
| \$1,285,000.00 2002 Building Authority<br>Bonds due in annual installments of<br>\$110,000.00 to \$150,000.00 through<br>October 1, 2012; interest at 3.00%<br>to 3.75%.   | \$ 1,285,000.00               | \$ ( 125,000.00)          | \$ 1,160,000.00                | \$ 150,000.00          |
| \$285,000.00 Fire Truck Attachments<br>Loan due in annual installments of<br>\$76,349.59 through January 1, 2007;<br>interest included at 2.83%.   | 285,000.00                    | ( 68,328.89)              | 216,671.11                     | 70,217.79              |
| Accumulated compensated absences   | <u>538,105.34</u>             | <u>18,031.74</u>          | <u>556,137.08</u>              |                        |
| <b>TOTAL PRIMARY GOVERNMENT</b>  | <u>8,468,190.10</u>           | <u>( 688,348.00)</u>      | <u>7,779,842.10</u>            | <u>1,159,878.81</u>    |
| <b>GOVERNMENTAL ACTIVITIES</b>   |                               |                           |                                |                        |
| <b>INTERNAL SERVICE</b>  |                               |                           |                                |                        |
| \$67,308.00 Computer Loan due in annual<br>installments of \$18,362.56 through<br>November 1, 2006; interest included<br>at 3.535%.  | 67,308.00                     | ( 15,950.18)              | 51,357.82                      | 16,516.80              |
| \$115,800.00 Street Sweeper Loan due<br>in annual installments of \$17,306.21<br>through August 1, 2010; interest<br>included at 4.15%.  | 115,800.00                    | ( 12,500.51)              | 103,299.49                     | 13,019.30              |
| \$25,000.00 Police Vehicle Loan due<br>in annual installments of \$12,804.17<br>to \$13,108.33 through March 1, 2006;<br>interest at 4.00%   |                               | 25,000.00                 | 25,000.00                      | 12,500.00              |
| \$46,000.00 Computer Installment Purchase<br>Agreement due in annual installments<br>Of \$15,000.00 to \$16,000.00 through<br>March 1, 2006; interest at 1.70%   |                               | <u>31,000.00</u>          | <u>31,000.00</u>               | <u>15,000.00</u>       |
| <b>TOTAL INTERNAL SERVICE</b>  | <u>183,108.00</u>             | <u>27,549.31</u>          | <u>210,657.31</u>              | <u>57,036.10</u>       |
| <b>TOTAL GOVERNMENTAL<br/>ACTIVITIES</b>   | <u>\$ 8,651,298.10</u>        | <u>\$ ( 660,798.69)</u>   | <u>\$ 7,990,499.41</u>         | <u>\$ 1,216,914.91</u> |
| <b>COMPONENT UNITS</b>   |                               |                           |                                |                        |
| \$5,730,000.00 Tax Increment Revenue<br>Refunding Bond due in annual<br>installments of \$275,000.00 to<br>\$575,000.00 through June 1, 2012;<br>interest at 4.50% to 5.50%. On the<br>balance sheet the principal amount is<br>netted with the bond discount. | \$ 4,325,000.00               | \$ ( 445,000.00)          | \$ 3,880,000.00                | \$ 500,000.00          |

NOTE 9: LONG-TERM OBLIGATIONS - Continued

|  | BALANCE AS OF<br>JULY 1, 2003 | ADDITIONS<br>(DEDUCTIONS) | BALANCE AS OF<br>JUNE 30, 2004 | DUE WITHIN<br>ONE YEAR |
|--|-------------------------------|---------------------------|--------------------------------|------------------------|
| COMPONENT UNITS - Concluded  |                               |                           |                                |                        |
| \$290,000 2002 General Obligation Tax<br>bonds due in installments of<br>\$16,949.15 to \$25,423.73 through<br>November 1, 2011; interest at 4.25%<br>to 4.30% | \$ 194,915.24                 | \$ (16,949.15)            | \$ 177,966.09                  | \$ 20,338.98           |
| Total Component Unit   | \$ 4,519,915.24               | \$ (461,949.15)           | \$ 4,057,966.09                | \$ 520,338.98          |

The annual requirements to pay future principal and interest are as follows:

| YEAR ENDING JUNE 30, | REVENUE<br>BONDS | GENERAL<br>OBLIGATION<br>BONDS | SPECIAL<br>ASSESSMENT<br>BONDS | PURCHASE<br>CONTRACT | TOTAL           |
|----------------------|------------------|--------------------------------|--------------------------------|----------------------|-----------------|
| 2005 Principal       | \$ 560,000.00    | \$ 650,000.00                  | \$ 460,000.00                  | \$ 127,253.89        | \$ 1,797,253.89 |
| Interest             | 230,875.00       | 211,192.92                     | 78,573.75                      | 13,399.80            | 534,041.47      |
| Total                | 790,875.00       | 861,192.92                     | 538,573.75                     | 140,653.69           | 2,331,295.36    |
| 2006 Principal       | 600,000.00       | 625,000.00                     | 380,000.00                     | 131,378.37           | 1,736,378.37    |
| Interest             | 198,300.00       | 178,931.25                     | 52,308.75                      | 9,716.16             | 439,256.16      |
| Total                | 798,300.00       | 803,931.25                     | 432,308.75                     | 141,094.53           | 2,175,634.53    |
| 2007 Principal       | 605,000.00       | 620,000.00                     | 360,000.00                     | 106,097.87           | 1,691,097.87    |
| Interest             | 168,425.00       | 154,076.25                     | 36,135.00                      | 5,920.49             | 364,556.74      |
| Total                | 773,425.00       | 774,076.25                     | 396,135.00                     | 112,018.36           | 2,055,654.61    |
| 2008 Principal       | 500,000.00       | 585,000.00                     | 325,000.00                     | 14,708.38            | 1,424,708.38    |
| Interest             | 135,375.00       | 130,421.25                     | 21,673.75                      | 2,597.83             | 290,067.83      |
| Total                | 635,375.00       | 715,421.25                     | 346,673.75                     | 17,306.21            | 1,714,776.21    |
| 2009 Principal       | 480,000.00       | 495,000.00                     | 95,000.00                      | 15,318.78            | 1,085,318.78    |
| Interest             | 108,120.00       | 109,210.00                     | 12,880.00                      | 1,987.43             | 232,197.43      |
| Total                | 588,120.00       | 604,210.00                     | 107,880.00                     | 17,306.21            | 1,317,516.21    |
| 2010 Principal       | 505,000.00       | 515,000.00                     | 105,000.00                     | 15,954.51            | 1,140,954.51    |
| Interest             | 81,960.00        | 89,212.50                      | 8,982.50                       | 1,351.70             | 181,506.70      |
| Total                | 586,960.00       | 604,212.50                     | 113,982.50                     | 17,306.21            | 1,322,461.21    |
| 2011 Principal       | 525,000.00       | 475,000.00                     | 85,000.00                      | 16,616.62            | 1,101,616.62    |
| Interest             | 49,410.00        | 69,275.00                      | 5,177.50                       | 689.59               | 124,552.09      |
| Total                | 574,410.00       | 544,275.00                     | 90,177.50                      | 17,306.21            | 1,226,168.71    |
| 2012 Principal       | 480,000.00       | 430,000.00                     | 60,000.00                      |                      | 970,000.00      |
| Interest             | 20,990.00        | 50,845.00                      | 2,205.00                       |                      | 74,040.00       |
| Total                | 500,990.00       | 480,845.00                     | 62,205.00                      |                      | 1,044,040.00    |
| 2013 Principal       |                  | 355,000.00                     | 25,000.00                      |                      | 380,000.00      |
| Interest             |                  | 34,732.50                      | 475.00                         |                      | 35,207.50       |
| Total                |                  | 389,732.50                     | 25,475.00                      |                      | 415,207.50      |
| 2014 Principal       |                  | 240,000.00                     |                                |                      | 240,000.00      |
| Interest             |                  | 22,402.50                      |                                |                      | 22,402.50       |
| Total                |                  | 262,402.50                     |                                |                      | 262,402.50      |

NOTE 9: **LONG-TERM OBLIGATIONS - Concluded**

|                      |    | REVENUE<br>BONDS | GENERAL<br>OBLIGATION<br>BONDS | SPECIAL<br>ASSESSMENT<br>BONDS | PURCHASE<br>CONTRACT | TOTAL         |
|----------------------|----|------------------|--------------------------------|--------------------------------|----------------------|---------------|
| YEAR ENDING JUNE 30, |    |                  |                                |                                |                      |               |
| Thereafter           |    |                  |                                |                                |                      |               |
| Principal            | \$ |                  | \$ 300,000.00                  | \$                             | \$                   | \$ 300,000.00 |
| Interest             |    |                  | 21,312.50                      |                                |                      | 21,312.50     |
| Total                |    |                  | 321,312.50                     |                                |                      | 321,312.50    |
| TOTAL                |    |                  |                                |                                |                      |               |
| Principal            |    | 4,255,000.00     | 5,290,000.00                   | 1,895,000.00                   | 427,328.42           | 11,867,328.42 |
| Interest             |    | 993,455.00       | 1,071,611.67                   | 218,411.25                     | 35,663.00            | 2,319,140.92  |
| Total                |    | 5,248,455.00     | 6,361,611.67                   | 2,113,411.25                   | 462,991.42           | 14,186,469.34 |

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTE 10: **FUND EQUITY RESERVES AND DESIGNATIONS**

Fund Balances:

Reserved for Cemetery Perpetual Care

This amount reflects the fund balance of the Mt. Hope Cemetery Perpetual Care Fund restricted for perpetual care maintenance.

Reserved for Encumbrances

These amounts have been reserved to segregate a portion of fund balance for expenditure upon vendor performance.

Reserved for Prepaid Expenses

These amounts have been reserved to segregate a portion of fund balance for prepaid expenses that appear as an asset on the balance sheet.

Reserved for Inventory

These amounts have been reserved to segregate a portion of fund balance for inventory that appears as an asset on the balance sheet.

Reserved for Receivables

These amounts have been reserved to segregate a portion of fund balance for accounts receivable that appears as an asset on the balance sheet.

Reserved for Operation Maintenance

These amounts have been reserved to segregate a portion of fund balance for maintaining operations.

Reserved for Replacement

These amounts have been reserved to segregate a portion of fund balance for replacement expenditures.

Reserved for Improvements

These amounts have been reserved to segregate a portion of fund balance for purchasing improvements.

Designated for Debt Service

All Debt Service Funds' fund balances are designated by City management to be utilized for future debt service expenditures.

**NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains three Enterprise Funds which provide auto parking, water and sewer services. Segment information for the year ended June 30, 2004, is as follows:

|  | AUTO<br>PARKING<br>FUND | WASTE<br>WATER<br>TREATMENT<br>PLANT<br>FUND | WATER<br>SUPPLY<br>FUND | TOTAL            |
|--|-------------------------|--|-------------------------|------------------|
| Total assets                             | \$ 417,654.96           | \$ 8,651,453.25                              | \$ 2,609,576.02         | \$ 11,678,684.23 |
| Total liabilities                        | 642.62                  | 377,336.73                                   | 254,746.44              | 632,725.79       |
| Contributed capital                      | 336,550.93              | 6,824,246.24                                 | 164,173.72              | 7,324,970.89     |
| Total net assets                         | 80,461.41               | 1,449,870.28                                 | 2,190,655.86            | 3,720,987.55     |
| Operating revenues                       | 51,750.56               | 2,264,940.87                                 | 2,170,596.54            | 4,487,287.97     |
| Operating expenses                       | 70,369.82               | 1,713,225.42                                 | 1,827,597.92            | 3,611,193.16     |
| Depreciation expense                     | 6,081.49                | 351,594.77                                   | 66,406.03               | 424,082.29       |
| Operating income (loss)                  | ( 18,619.26)            | 551,715.45                                   | 342,998.62              | 876,094.81       |
| Nonoperating revenues (expenses)         | 468.23                  | ( 11,412.80)                                 | 533.03                  | ( 10,411.54)     |
| Transfers                                |                         | ( 24,613.98)                                 | ( 32,777.89)            | ( 57,391.87)     |
| Change in net assets                     | ( 18,151.03)            | 761,994.99                                   | 310,753.76              | 1,054,597.72     |
| Beginning net assets                     | 98,612.44               | 687,875.29                                   | 1,879,902.10            | 2,666,389.83     |
| Ending net assets                        | 80,461.41               | 1,449,870.28                                 | 2,190,655.86            | 3,720,987.55     |
| Operating activities                     | ( 14,532.22)            | 183,307.12                                   | 428,567.25              | 597,342.15       |
| Capital and related financing activities |                         | ( 173,027.18)                                | ( 400,419.66)           | ( 573,446.84)    |
| Investing activities                     | 468.23                  | 10,461.20                                    | 6,018.29                | 16,947.72        |
| Cash and cash equivalents -- beginning   | 54,986.46               | 125,430.60                                   | 152,071.75              | 332,488.81       |
| Cash and cash equivalents -- ending      | 40,922.47               | 121,557.76                                   | 153,459.74              | 315,939.97       |

**NOTE 12: CAPITAL ASSETS**

A summary of changes in governmental capital assets including internal service fund assets are as follows:

|  | JULY 1,<br>2003      | ADDITIONS           | DELETIONS         | JUNE 30,<br>2004     |
|--|----------------------|---------------------|-------------------|----------------------|
| Capital assets not being depreciated       |                      |                     |                   |                      |
| Construction in progress                   | \$                   | \$ 1,155,791.88     | \$                | \$ 1,155,791.88      |
| Land                                       | <u>9,588,701.18</u>  | <u>15,000.00</u>    |                   | <u>9,603,701.18</u>  |
| Total Capital assets not being depreciated | <u>9,588,701.18</u>  | <u>1,170,791.88</u> |                   | <u>10,759,493.06</u> |
| Capital assets being depreciated           |                      |                     |                   |                      |
| Buildings                                  | 4,844,803.67         | 54,359.00           |                   | 4,899,162.67         |
| Improvements                               | 3,125,798.33         | 174,423.75          |                   | 3,300,222.08         |
| Machinery and equipment                    | 4,234,864.40         | 346,738.27          | 88,267.34         | 4,493,335.33         |
| Infrastructure                             | <u>1,164,617.16</u>  |                     | <u>273,938.67</u> | <u>890,678.49</u>    |
| Total Capital assets                       |                      |                     |                   |                      |
| Being depreciated                          | <u>13,370,083.56</u> | <u>575,521.02</u>   | <u>362,206.01</u> | <u>13,583,398.57</u> |

NOTE 12: CAPITAL ASSETS – Continued

|  | JULY 1,<br>2003         | ADDITIONS             | DELETIONS           | JUNE 30,<br>2004        |
|--|-------------------------|-----------------------|---------------------|-------------------------|
| Less: Accumulated depreciation               |                         |                       |                     |                         |
| Buildings                                    | \$ 909,866.05           | \$ 121,462.08         | \$                  | \$ 1,031,328.13         |
| Improvements                                 | 1,192,872.74            | 159,004.57            |                     | 1,351,877.31            |
| Machinery and equipment                      | 3,370,560.51            | 382,635.46            | 78,284.22           | 3,674,911.75            |
| Infrastructure                               | <u>280,948.58</u>       | <u>91,446.46</u>      | <u>264,956.37</u>   | <u>107,438.67</u>       |
| Total Accumulated Depreciation               | <u>5,754,247.88</u>     | <u>754,548.57</u>     | <u>343,240.59</u>   | <u>6,165,555.86</u>     |
| Total Capital Assets being Depreciated - Net | <u>7,615,835.68</u>     | ( <u>179,027.55</u> ) | <u>18,965.42</u>    | <u>7,417,842.71</u>     |
| NET CAPITAL ASSETS                           | \$ <u>17,204,536.86</u> | \$ <u>991,764.33</u>  | \$ <u>18,965.42</u> | \$ <u>18,177,335.77</u> |

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

| GOVERNMENTAL<br>ACTIVITY                              | AMOUNT               |
|---|----------------------|
| General government                                    | \$ 163,446.43        |
| Public safety   | 210,227.72           |
| Public works  | 172,910.30           |
| Community development                                 | 15,081.88            |
| Streets   | 146,843.70           |
| Recreation  | <u>46,038.54</u>     |
| TOTAL DEPRECIATION EXPENSE<br>GOVERNMENTAL ACTIVITIES | \$ <u>754,548.57</u> |

A summary of the asset activity for the governmental activity component units are as follows:

|                                | JULY 1,<br>2003        | ADDITIONS                | DELETIONS            | JUNE 30,<br>2004       |
|--------------------------------|------------------------|--------------------------|----------------------|------------------------|
| COMPONENT UNITS                |                        |                          |                      |                        |
| Land                           | \$ 375,173.89          | \$                       | \$                   | \$ 375,173.89          |
| Buildings                      | 6,760,764.46           |                          |                      | 6,760,764.46           |
| Equipment                      | <u>5,976.29</u>        | <u>          </u>        | <u>          </u>    | <u>5,976.29</u>        |
| Total Capital Assets           | <u>7,141,914.64</u>    | <u>          </u>        | <u>          </u>    | <u>7,141,914.64</u>    |
| Less: accumulated depreciation |                        |                          |                      |                        |
| Buildings                      | 1,694,461.76           | 171,992.13               |                      | 1,866,453.89           |
| Equipment                      | <u>5,456.14</u>        | <u>35.00</u>             | <u>          </u>    | <u>5,491.14</u>        |
| Total Accumulated Depreciation | <u>1,699,917.90</u>    | <u>172,027.13</u>        | <u>          </u>    | <u>1,871,945.03</u>    |
| NET CAPITAL ASSETS             | \$ <u>5,441,996.74</u> | \$ ( <u>172,027.13</u> ) | \$ <u>          </u> | \$ <u>5,269,969.61</u> |

NOTE 12: **CAPITAL ASSETS -- Concluded**

Capital assets for business-type activities have been summarized as follows:

|  | JULY 1,<br>2003        | ADDITIONS                   | DELETIONS                   | JUNE 30,<br>2004       |
|--|------------------------|-----------------------------|-----------------------------|------------------------|
| <b>BUSINESS-TYPE ACTIVITIES</b>            |                        |                             |                             |                        |
| Capital assets not being depreciated       |                        |                             |                             |                        |
| Construction in progress                   | \$                     | \$ 434,396.39               | \$                          | \$ 434,396.39          |
| Land                                       | <u>793,615.60</u>      | <u>                    </u> | <u>                    </u> | <u>793,615.60</u>      |
| Total capital assets not being depreciated | <u>793,615.60</u>      | <u>434,396.39</u>           | <u>                    </u> | <u>1,228,011.99</u>    |
| Capital assets being depreciated           |                        |                             |                             |                        |
| Buildings                                  | 12,480,077.92          |                             |                             | 12,480,077.92          |
| Machinery and equipment                    | 1,977,659.33           | 85,292.75                   |                             | 2,062,952.08           |
| Infrastructure                             | <u>5,627,836.17</u>    | <u>30,283.00</u>            | <u>60,367.35</u>            | <u>5,597,751.82</u>    |
| Total Capital assets Being depreciated     | <u>20,085,573.42</u>   | <u>115,575.75</u>           | <u>60,367.35</u>            | <u>20,140,781.82</u>   |
| Less: Accumulated depreciation             |                        |                             |                             |                        |
| Buildings                                  | 6,605,926.35           | 305,371.03                  |                             | 6,911,297.38           |
| Machinery and equipment                    | 1,705,812.81           | 71,081.31                   |                             | 1,776,894.12           |
| Infrastructure                             | <u>3,525,026.10</u>    | <u>47,629.95</u>            | <u>1,482.79</u>             | <u>3,571,173.26</u>    |
| Total Accumulated Depreciation             | <u>11,836,765.26</u>   | <u>424,082.29</u>           | <u>1,482.79</u>             | <u>12,259,364.76</u>   |
| Total Capital Assets being Depreciated     | <u>8,248,808.16</u>    | <u>( 308,506.54)</u>        | <u>58,884.56</u>            | <u>7,881,417.06</u>    |
| NET CAPITAL ASSETS                         | \$ <u>9,042,423.76</u> | \$ <u>125,889.85</u>        | \$ <u>58,884.56</u>         | \$ <u>9,109,429.05</u> |

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

|              |                      |
|--------------|----------------------|
| Auto Parking | \$ 6,081.49          |
| Wastewater   | 351,594.77           |
| Water        | <u>66,406.03</u>     |
|              | \$ <u>424,082.29</u> |

NOTE 13: **AMORTIZATION OF CONTRIBUTED CAPITAL**

The City has received grants from the state and federal governments for the purpose of constructing and equipping a waste water treatment plant. This plant was completed and placed into service during the year ended June 30, 1985. The contributions are being amortized over the useful lives of the assets acquired.

**NOTE 14: TAX INCREMENT FINANCE AUTHORITY (TIFA)**

The Tax Increment Finance Authority was established by the Lapeer City Commission on April 19, 1982, in accordance with Act 450 of P.A. 1980. In addition, the Lapeer City Commission designated the members of the Lapeer City Economic Development Corporation Board of Directors to constitute the Board of the Tax Increment Finance Authority (TIFA).

**NOTE 15: DOWNTOWN DEVELOPMENT AUTHORITY (DDA)**

The Downtown Development Authority was established by the Lapeer City Commission on November 24, 1982, in accordance with Act 197 of P.A. 1975. Its purpose is to serve the best interest of the public in halting property value deterioration and to increase property tax valuation in the City's business district. The Authority will also promote economic growth.

**NOTE 16: LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)**

The Local Development Finance Authority was established by the Lapeer City Commission on April 20, 1987 in accordance with Act 281 of 1986. Its purpose is to provide a means for local units of government to eliminate conditions of unemployment, underemployment, and joblessness and to promote economic growth through the use of Tax Increment Financing.

**NOTE 17: LITIGATION**

There are several lawsuits pending in which the City is involved. The attorney representing the City estimates that the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

**NOTE 18: DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

The City of Lapeer adopted a new 457 plan document, which incorporates the recent changes to the law governing 457 deferred compensation plans. The most notable change in the plan provides that the employer establish a plan level trust in which all amounts deferred must be placed and held for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, the plan assets are no longer subject to claims of the City's general creditors.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are for the exclusive benefit of the employee or their beneficiary.

It is the opinion of the City that the City has no liability for losses under the plan, but does have a duty of care that would be required of an ordinary prudent investor. Therefore, the deferred compensation assets and liability have been removed from the City's fiduciary fund as is no longer required to be shown in the financial statements for future years.



**NOTE 19: ECONOMIC DEVELOPMENT CORPORATION**

The Economic Development Corporation is organized pursuant to the State of Michigan, Public Act 338 of 1974, as amended, and the City of Lapeer, Michigan Ordinances. The primary purpose of the Corporation is to encourage and assist commercial enterprises to locate and expand facilities and services to the City and its residents. This purpose is accomplished by the Corporation entering into lease contracts with commercial enterprises. In accordance with the terms of the lease contracts, the Corporation agrees to issue revenue bonds and the commercial enterprise agrees to make lease payments in amounts equal to the bond principal plus interest. The bond proceeds are used to finance a project, which will benefit the commercial enterprise. The ownership of the project is transferred to the commercial enterprise when the bonds are paid in full. The revenue bonds are payable from the net revenues derived from the project and are collateralized by a mortgage on the project and the lease contract.

The bonds issued by the Corporation and payable from net revenues are not a general obligation of the Corporation, therefore, the bonds and related lease contracts are not reflected in the financial statements of the Corporation.

As of December 31, 2002, the date of the most recent audit, the Corporation has issued the following revenue bonds:

|                                 | DATE OF<br>BOND<br>CLOSING | AMOUNT OF<br>REVENUE<br>BONDS ISSUED |
|---------------------------------|----------------------------|--------------------------------------|
| First National Bank of Lapeer   | 12/17/79                   | \$ 500,000.00                        |
| Growth & Opportunity            | 11/02/79                   | 275,000.00                           |
| Peninsular Slate                | 12/28/79                   | 200,000.00                           |
| Doc Development Company         | 12/21/79                   | 363,000.00                           |
| Houghtaling Project             | 02/11/80                   | 180,000.00                           |
| Dowsett Project                 | 11/10/80                   | 300,000.00                           |
| The Thread Forms, Inc. Project  | 11/06/81                   | 400,000.00                           |
| MESC Project                    | 02/28/82                   | 323,300.00                           |
| Lapeer Foundry & Machine, Inc.  | 03/11/82                   | 950,000.00                           |
| DeMille Industrial Development  | 06/18/82                   | 200,000.00                           |
| The Whitman Project             | 06/30/83                   | 368,806.00                           |
| Growth & Oppor. Inc. II Project | 08/22/83                   | 625,000.00                           |
| Barnard & Balaze Project        | 12/28/83                   | 209,000.00                           |
| J.L. Avery Project              | 01/05/84                   | 250,000.00                           |
| Lapeer Medical Center           | 01/17/84                   | 475,000.00                           |
| Growth & Opportunity, Inc.      | 02/13/84                   | 600,000.00                           |
| C & P Partnership Project       | 06/26/85                   | 616,000.00                           |
| Copres Leasing Company          | 12/30/85                   | 806,000.00                           |
| The Lapeer Association, Ltd.    | 06/20/86                   | 1,500,000.00                         |
| Lapeer Enterprise Center        | 12/29/86                   | 298,531.00                           |
| Albar Industries Inc.           | 11/15/89                   | 3,500,000.00                         |
| Dott Manufacturing              | 11/15/89                   | 4,128,000.00                         |
| Lapeer Regional Hospital        | 06/01/91                   | 1,980,170.00                         |
| Vidon Plastics                  | 07/05/95                   | 1,075,000.00                         |
| JMA Development, Inc.           | 09/22/95                   | 1,347,000.00                         |
| JMA Development, Inc.           | 06/17/99                   | 4,000,000.00                         |

**NOTE 20: POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 8, the City provides post retirement health care benefits to all of its retired employees and surviving spouses. Currently, the City is paying the health care premiums for 35 retirees. During the year, approximately \$299,305.09 was paid for post retirement health care.

**NOTE 21: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to purchase commercial insurance for most risks of loss to which it is exposed.

**NOTE 22: FUND DEFICITS**

|                                    |                        |
|------------------------------------|------------------------|
| Building Department                | \$( <u>2,984.53</u> )  |
| Information Technology             | \$( <u>93,310.31</u> ) |
| Telephone Communication            | \$( <u>352.93</u> )    |
| Brownfield Redevelopment Authority | \$( <u>601.51</u> )    |

**NOTE 23: CONTINUING DISCLOSURE COMPLIANCE**

The schedules in the continuing disclosure section fulfill the continuing disclosure requirements for the various bond issues listed below:

1998 TIFA Revenue  
1995 General Obligation and Special Assessment Bonds  
1998 General Obligation and Special Assessment Bonds  
2001 Building Authority  
2002 Building Authority Refunding

**NOTE 24: BROWNFIELD REDEVELOPMENT AUTHORITY**

The Brownfield Redevelopment Authority was established by the Lapeer City Commission on January 19, 1998, in accordance with Act 381 of P.A. 1996. Its purpose is to promote the revitalization of environmentally distressed areas.

**NOTE 25: BUDGET APPROPRIATIONS OVER ALLOWABLE FUND BALANCE**

|                         | FUND<br>BALANCE    | APPROPRIATIONS     | OVER<br>(UNDER)     |
|-------------------------|--------------------|--------------------|---------------------|
| General Forfeiture Fund | \$ <u>1,223.12</u> | \$ <u>1,350.00</u> | \$( <u>126.88</u> ) |

## GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, public works and general administration of the City. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CITY OF LAPEER, MICHIGAN  
BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2004  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2003

|                                     | 2004                   | 2003                   |
|-------------------------------------|------------------------|------------------------|
| <b>ASSETS</b>                       |                        |                        |
| Cash                                | \$ 478,686.27          | \$ 1,127,319.75        |
| Investments                         | 1,020,000.00           |                        |
| Receivables                         |                        |                        |
| Accounts                            | 124,986.71             | 124,355.48             |
| Property taxes                      | 176,508.68             | 72,313.03              |
| Due from other funds                | 81,476.03              | 10,138.03              |
| Due from other governmental units   | 9,735.78               | 8,120.61               |
| Due from state                      | 119,431.00             | 117,705.00             |
| Inventory                           | 9,395.17               | 14,786.90              |
| Prepaid expense                     | 105,642.91             | 96,326.02              |
| TOTAL ASSETS                        | <u>\$ 2,125,862.55</u> | <u>\$ 1,571,064.82</u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                        |                        |
| <b>LIABILITIES</b>                  |                        |                        |
| Accounts payable                    | \$ 78,369.29           | \$ 141,352.27          |
| Accrued payroll and payroll taxes   | 142,732.27             | 121,872.54             |
| Due to other funds                  | 4,509.98               | 5,998.39               |
| Due to other units                  | 130,829.49             | 67,125.85              |
| Security deposits                   | 48,765.75              | 41,764.00              |
| Due to state                        | 189,806.43             | 15,296.52              |
| TOTAL LIABILITIES                   | <u>595,013.21</u>      | <u>393,409.57</u>      |
| <b>FUND BALANCE</b>                 |                        |                        |
| Reserved                            |                        |                        |
| Receivables                         | 125,691.59             | 124,355.48             |
| Prepaid expenses                    | 105,642.91             | 96,326.02              |
| Inventory                           | 9,395.17               | 14,786.90              |
| Unreserved - undesignated           | 1,290,119.67           | 942,186.85             |
| TOTAL FUND BALANCE                  | <u>1,530,849.34</u>    | <u>1,177,655.25</u>    |
| TOTAL LIABILITIES AND FUND BALANCE  | <u>\$ 2,125,862.55</u> | <u>\$ 1,571,064.82</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|                                   | 2004                |                     | VARIANCE                   | 2003                |
|-----------------------------------|---------------------|---------------------|----------------------------|---------------------|
|                                   | BUDGET              | ACTUAL              | FAVORABLE<br>(UNFAVORABLE) | ACTUAL              |
| <b>REVENUES</b>                   |                     |                     |                            |                     |
| <b>Taxes</b>                      |                     |                     |                            |                     |
| Property taxes                    | \$ 2,082,080.00     | \$ 2,073,110.88     | \$ (8,969.12)              | \$ 2,082,519.29     |
| Penalties and interest            | 36,000.00           | 56,638.86           | 20,638.86                  | 46,948.68           |
| City income taxes                 | 1,960,000.00        | 2,164,035.74        | 204,035.74                 | 2,050,821.81        |
| <b>Total Taxes</b>                | <b>4,078,080.00</b> | <b>4,293,785.48</b> | <b>215,705.48</b>          | <b>4,180,289.78</b> |
| <b>Federal Grants</b>             |                     |                     |                            |                     |
| F.E.M.A. Grant                    |                     | 2,847.15            | 2,847.15                   |                     |
| Federal Drug Grant (TNU)          | 32,000.00           | 32,066.19           | 66.19                      | 30,065.98           |
| MSHDA Section 8                   | 32,328.00           | 23,294.50           | (9,033.50)                 |                     |
| School liaison officer            |                     |                     |                            | 30,987.50           |
| <b>Total Federal Grants</b>       | <b>64,328.00</b>    | <b>58,207.84</b>    | <b>(6,120.16)</b>          | <b>61,053.48</b>    |
| <b>Licenses and Permits</b>       |                     |                     |                            |                     |
| Licenses                          | 500.00              | 704.00              | 204.00                     | 893.00              |
| Permits                           | 4,200.00            | 3,484.00            | (716.00)                   | 6,169.00            |
| <b>Total Licenses and Permits</b> | <b>4,700.00</b>     | <b>4,188.00</b>     | <b>(512.00)</b>            | <b>7,062.00</b>     |
| <b>Intergovernmental</b>          |                     |                     |                            |                     |
| Sales tax                         | 877,075.00          | 862,709.00          | (14,366.00)                | 889,506.00          |
| Liquor licenses                   | 7,775.00            | 9,220.20            | 1,445.20                   | 7,833.65            |
| <b>Total Intergovernmental</b>    | <b>884,850.00</b>   | <b>871,929.20</b>   | <b>(12,920.80)</b>         | <b>897,339.65</b>   |
| <b>Charges for Services</b>       |                     |                     |                            |                     |
| Administrative fees               | 298,201.00          | 298,285.04          | 84.04                      | 294,562.00          |
| Copies                            | 2,500.00            | 5,664.00            | 3,164.00                   | 3,237.00            |
| Fire runs and protection          | 230,000.00          | 268,126.06          | 38,126.06                  | 307,000.97          |
| Other services                    |                     | 2,150.26            | 2,150.26                   | 497.26              |
| IFT application fee               | 1,500.00            | 3,750.00            | 2,250.00                   | 1,000.00            |
| Other fees                        | 2,658.00            | 31,710.49           | 29,052.49                  | 10,561.41           |
| Cable franchise fees              | 64,000.00           | 69,894.07           | 5,894.07                   | 69,059.04           |
| Telephone franchise fees          | 30,000.00           | 3,359.11            | (26,640.89)                | 1,718.55            |
| <b>Total Charges for Services</b> | <b>628,859.00</b>   | <b>682,939.03</b>   | <b>54,080.03</b>           | <b>687,636.23</b>   |
| <b>Fines and Forfeits</b>         |                     |                     |                            |                     |
| Court fines                       | 60,000.00           | 63,256.68           | 3,256.68                   | 65,583.71           |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - Continued**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | 2004         |              | VARIANCE                   | 2003         |
|---|--------------|--------------|----------------------------|--------------|
|   | BUDGET       | ACTUAL       | FAVORABLE<br>(UNFAVORABLE) | ACTUAL       |
| REVENUES - Concluded                    |              |              |                            |              |
| Other Revenues                          |              |              |                            |              |
| Interest on investments                 | \$ 30,000.00 | \$ 19,106.37 | \$ (10,893.63)             | \$ 27,522.39 |
| Rentals                                 | 74,186.00    | 44,873.06    | (29,312.94)                | 71,992.37    |
| Reimbursements                          | 66,971.00    | 80,938.22    | 13,967.22                  | 96,335.40    |
| Miscellaneous                           | 1,550.00     | 11,494.23    | 9,944.23                   | 8,662.25     |
| Sale of tax map books                   |              | 130.00       | 130.00                     | 87.00        |
| Contributions                           | 7,210.00     | 9,644.33     | 2,434.33                   | 9,206.57     |
| Total Other Revenues                    | 179,917.00   | 166,186.21   | (13,730.79)                | 213,805.98   |
| TOTAL REVENUES                          | 5,900,734.00 | 6,140,492.44 | 239,758.44                 | 6,112,770.83 |
| EXPENDITURES                            |              |              |                            |              |
| General Government                      |              |              |                            |              |
| Legislative                             | 73,041.00    | 68,561.75    | 4,479.25                   | 64,602.99    |
| Executive/Clerk                         | 410,240.00   | 396,739.41   | 13,500.59                  | 351,100.17   |
| Assessor's office                       | 137,671.00   | 112,777.84   | 24,893.16                  | 102,955.50   |
| Income tax                              | 148,093.00   | 138,231.19   | 9,861.81                   | 127,652.53   |
| Attorney/Jury-Witness                   | 140,562.00   | 120,157.51   | 20,404.49                  | 126,256.33   |
| Elections                               | 28,214.00    | 6,337.48     | 21,876.52                  | 17,756.40    |
| City Hall                               | 111,375.00   | 112,612.59   | (1,237.59)                 | 112,675.15   |
| Board of Review                         | 3,069.00     | 2,995.46     | 73.54                      | 3,258.39     |
| Accounting and data processing          | 385,322.00   | 347,954.99   | 37,367.01                  | 458,633.88   |
| MESC Building                           | 23,500.00    | 530.75       | 22,969.25                  | 6,217.57     |
| Cable Advisory Board                    | 14,427.00    | 13,905.86    | 521.14                     | 15,938.67    |
| Total General Government                | 1,475,514.00 | 1,320,804.83 | 154,709.17                 | 1,387,047.58 |
| Public Safety                           |              |              |                            |              |
| Police                                  | 1,795,240.00 | 1,766,991.85 | 28,248.15                  | 1,827,832.50 |
| Fire                                    | 492,036.00   | 448,468.62   | 43,567.38                  | 382,191.01   |
| Total Public Safety                     | 2,287,276.00 | 2,215,460.47 | 71,815.53                  | 2,210,023.51 |
| Public Works                            |              |              |                            |              |
| Public services                         | 748,961.00   | 735,198.73   | 13,762.27                  | 788,114.97   |
| Community development<br>and enrichment | 349,526.00   | 340,147.66   | 9,378.34                   | 335,399.54   |
| Other Functions                         |              |              |                            |              |
| Contingency                             | 35,960.00    |              | 35,960.00                  |              |
| Contributions to other units            | 55,577.00    | 54,537.89    | 1,039.11                   | 73,703.48    |
| Total Other Functions                   | 91,537.00    | 54,537.89    | 36,999.11                  | 73,703.48    |
| TOTAL EXPENDITURES                      | 4,952,814.00 | 4,666,149.58 | 286,664.42                 | 4,794,289.08 |
| EXCESS OF REVENUES<br>OVER EXPENDITURES | 947,920.00   | 1,474,342.86 | 526,422.86                 | 1,318,481.75 |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - Concluded**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|  | 2004                  |                        |  | 2003                   |
|--|-----------------------|------------------------|--|------------------------|
|  | BUDGET                | ACTUAL                 | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | ACTUAL                 |
| OTHER FINANCING SOURCES (USES)   |                       |                        |  |                        |
| Operating transfers in   | \$ 377,117.00         | \$ 369,113.09          | \$ (8,003.91)                          | \$ 143,219.36          |
| Operating transfers out  | <u>(1,511,621.00)</u> | <u>(1,490,261.86)</u>  | <u>21,359.14</u>                       | <u>(1,623,936.89)</u>  |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>(1,134,504.00)</u> | <u>(1,121,148.77)</u>  | <u>13,355.23</u>                       | <u>(1,480,717.53)</u>  |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER SOURCES OVER<br>EXPENDITURES AND OTHER USES | (186,584.00)          | 353,194.09             | 539,778.09                             | (162,235.78)           |
| RESIDUAL EQUITY TRANSFER   |                       |                        |  | 6,159.82               |
| FUND BALANCE, JULY 1   | <u>1,177,655.25</u>   | <u>1,177,655.25</u>    |  | <u>1,333,731.21</u>    |
| FUND BALANCE, JUNE 30  | <u>\$ 991,071.25</u>  | <u>\$ 1,530,849.34</u> | <u>\$ 539,778.09</u>                   | <u>\$ 1,177,655.25</u> |

## SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

The Special Revenue Funds of the City are: Major Street, Local Street, Parks and Recreation, Mt. Hope Cemetery, Youth Mini-Grant, Building Department, Oakdale Development, Police K-9 Program, Drug Law Enforcement, D.A.R.E., General Forfeiture, Public Safety Training, and Housing Resource.



CITY OF LAPEER, MICHIGAN  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2004  
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2003

|                                       | MAJOR<br>STREET      | LOCAL<br>STREET      | PARKS<br>AND<br>RECREATION | MT. HOPE<br>CEMETERY |
|---------------------------------------|----------------------|----------------------|----------------------------|----------------------|
| ASSETS                                |                      |                      |                            |                      |
| Cash                                  | \$ 234,579.54        | \$ 316,043.96        | \$ 182,900.49              | \$ 37,829.39         |
| Accounts receivable                   | 37,290.35            | 10,029.04            | 20,345.92                  | 245.17               |
| Due from other funds                  | 259,132.06           |                      | 5,916.53                   |                      |
| Due from state                        | 82,396.63            | 24,207.93            |                            |                      |
| Prepaid expenses                      | 562.48               | 487.48               | 15,955.85                  | 2,450.48             |
| TOTAL ASSETS                          | \$ <u>613,961.06</u> | \$ <u>350,768.41</u> | \$ <u>225,118.79</u>       | \$ <u>40,525.04</u>  |
| LIABILITIES AND FUND BALANCE          |                      |                      |                            |                      |
| LIABILITIES                           |                      |                      |                            |                      |
| Accounts payable                      | \$ 35,179.55         | \$ 2,881.94          | \$ 141,460.21              | \$ 3,901.48          |
| Interfund borrowing                   |                      |                      |                            |                      |
| Payroll and taxes payable             | 4,285.39             | 2,890.66             | 44,630.53                  | 4,110.80             |
| Due to other funds                    |                      |                      |                            |                      |
| Deferred revenue                      |                      |                      |                            |                      |
| TOTAL LIABILITIES                     | <u>39,464.94</u>     | <u>5,772.60</u>      | <u>186,090.74</u>          | <u>8,012.28</u>      |
| FUND BALANCE                          |                      |                      |                            |                      |
| Unreserved                            | <u>574,496.12</u>    | <u>344,995.81</u>    | <u>39,028.05</u>           | <u>32,512.76</u>     |
| TOTAL LIABILITIES AND<br>FUND BALANCE | \$ <u>613,961.06</u> | \$ <u>350,768.41</u> | \$ <u>225,118.79</u>       | \$ <u>40,525.04</u>  |

| YOUTH<br>MINI-GRANT | BUILDING<br>DEPARTMENT | OAKDALE<br>DEVELOPMENT               | POLICE K-9<br>PROGRAM | DRUG LAW<br>ENFORCEMENT |
|---------------------|------------------------|--------------------------------------|-----------------------|-------------------------|
| \$ 268.80           | \$                     | \$ 14,939.37<br>6,602.11<br>5,173.70 | \$ 3,505.04           | \$ 20,114.30            |
| <u>268.80</u>       | <u></u>                | <u>3,470.82</u><br><u>30,186.00</u>  | <u>3,505.04</u>       | <u>20,114.30</u>        |
| \$                  | \$ 1,894.00            | \$ 13,528.78                         | \$ 39.00              | \$ 469.00               |
|                     | 1,090.53               | 928.63                               |                       |                         |
| <u>268.80</u>       | <u>2,984.53</u>        | <u>14,457.41</u>                     | <u>39.00</u>          | <u>469.00</u>           |
| <u>268.80</u>       | <u>(2,984.53)</u>      | <u>15,728.59</u>                     | <u>3,466.04</u>       | <u>19,645.30</u>        |
| <u>268.80</u>       | <u></u>                | <u>30,186.00</u>                     | <u>3,505.04</u>       | <u>20,114.30</u>        |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING BALANCE SHEET - Concluded**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|   | D.A.R.E.           | GENERAL<br>FORFEITURE | PUBLIC<br>SAFETY<br>TRAINING |
|---|--------------------|-----------------------|------------------------------|
| <b>ASSETS</b>                                 |                    |                       |                              |
| Cash  | \$ 8,241.93        | \$ 729.02             | \$ 2,399.97                  |
| Accounts receivable                           |                    |                       |                              |
| Due from other funds                          |                    |                       |                              |
| Due from state                                |                    |                       |                              |
| Prepaid expenses                              |                    |                       |                              |
| <b>TOTAL ASSETS</b>                           | <u>\$ 8,241.93</u> | <u>\$ 729.02</u>      | <u>\$ 2,399.97</u>           |
| <b>LIABILITIES AND FUND BALANCE</b>           |                    |                       |                              |
| <b>LIABILITIES</b>                            |                    |                       |                              |
| Accounts payable                              | \$                 | \$                    | \$ 2,065.68                  |
| Interfund borrowing                           |                    |                       |                              |
| Payroll and taxes payable                     |                    |                       |                              |
| Due to other funds                            |                    |                       |                              |
| Deferred revenue                              |                    |                       |                              |
| <b>TOTAL LIABILITIES</b>                      |                    |                       | <u>2,065.68</u>              |
| <b>FUND BALANCE</b>                           |                    |                       |                              |
| Unreserved                                    | <u>8,241.93</u>    | <u>729.02</u>         | <u>334.29</u>                |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <u>\$ 8,241.93</u> | <u>\$ 729.02</u>      | <u>\$ 2,399.97</u>           |

| HOUSING<br>RESOURCE | TOTAL<br>SPECIAL REVENUE<br>2004 | ELIMINATION<br>OF MAJOR<br>FUNDS | TOTAL NON-<br>MAJOR SPECIAL<br>REVENUE<br>2004 | TOTAL<br>SPECIAL<br>REVENUE<br>2003 |
|---------------------|----------------------------------|----------------------------------|--|-------------------------------------|
| \$ 84,012.00        | \$ 821,551.81                    | \$ (417,480.03)                  | \$ 404,071.78                                  | \$ 1,133,281.70                     |
|                     | 158,524.59                       | (57,636.27)                      | 100,888.32                                     | 32,922.59                           |
|                     | 270,222.29                       | (265,048.59)                     | 5,173.70                                       | 874,802.13                          |
|                     | 106,604.56                       | (82,396.63)                      | 24,207.93                                      | 112,808.01                          |
|                     | 22,927.11                        | (16,518.33)                      | 6,408.78                                       | 19,584.84                           |
| <u>\$ 84,012.00</u> | <u>\$ 1,379,830.36</u>           | <u>\$ (839,079.85)</u>           | <u>\$ 540,750.51</u>                           | <u>\$ 2,173,399.27</u>              |
| \$                  | \$ 201,419.64                    | \$ (176,639.76)                  | \$ 24,779.88                                   | \$ 313,625.73                       |
|                     | 56,846.01                        | (48,915.92)                      | 7,930.09                                       | 2,339.58                            |
| 70,509.38           | 71,599.91                        |                                  | 71,599.91                                      | 51,965.90                           |
|                     |                                  |                                  |  | 7,345.24                            |
|                     |                                  |                                  |  | 190,554.70                          |
| <u>70,509.38</u>    | <u>329,865.56</u>                | <u>(225,555.68)</u>              | <u>104,309.88</u>                              | <u>565,831.15</u>                   |
| <u>13,502.62</u>    | <u>1,049,964.80</u>              | <u>(613,524.17)</u>              | <u>436,440.63</u>                              | <u>1,607,568.12</u>                 |
| <u>\$ 84,012.00</u> | <u>\$ 1,379,830.36</u>           | <u>\$ (839,079.85)</u>           | <u>\$ 540,750.51</u>                           | <u>\$ 2,173,399.27</u>              |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|  | MAJOR<br>STREET       | LOCAL<br>STREET      | PARKS<br>AND<br>RECREATION | MT. HOPE<br>CEMETERY |
|--|-----------------------|----------------------|----------------------------|----------------------|
| <b>REVENUES</b>  |                       |                      |                            |                      |
| Charges for services   | \$                    | \$                   | \$ 1,077,490.57            | \$ 38,482.10         |
| Intergovernmental  |                       |                      |                            |                      |
| Federal  | 188,207.38            |                      |                            |                      |
| State  | 531,970.23            | 142,440.36           |                            |                      |
| Interest and rent  | 1,621.19              | 2,808.90             | 63,432.23                  | 318.67               |
| Donations  | 19,008.00             |                      | 121,596.95                 |                      |
| Other revenue  |                       |                      | 12,628.16                  |                      |
| TOTAL REVENUES   | <u>740,806.80</u>     | <u>145,249.26</u>    | <u>1,275,147.91</u>        | <u>38,800.77</u>     |
| <b>EXPENDITURES</b>  |                       |                      |                            |                      |
| Highways and streets   | 1,894,796.39          | 177,054.98           |                            |                      |
| Culture and recreation   |                       |                      | 1,795,865.61               |                      |
| Health and welfare   |                       |                      |                            | 128,450.71           |
| Community development<br>and enrichment  |                       |                      |                            |                      |
| Public safety  |                       |                      |                            |                      |
| TOTAL EXPENDITURES   | <u>1,894,796.39</u>   | <u>177,054.98</u>    | <u>1,795,865.61</u>        | <u>128,450.71</u>    |
| EXCESS (DEFICIENCY)<br>OF REVENUES<br>OVER EXPENDITURES                                  | <u>(1,153,989.59)</u> | <u>(31,805.72)</u>   | <u>(520,717.70)</u>        | <u>(89,649.94)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                       |                      |                            |                      |
| Operating transfers in   | 1,008,623.16          | 108,314.36           | 503,892.48                 | 75,642.13            |
| Operating transfers out  | <u>(445,750.00)</u>   | <u>(16,507.00)</u>   |                            |                      |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>562,873.16</u>     | <u>91,807.36</u>     | <u>503,892.48</u>          | <u>75,642.13</u>     |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER SOURCES OVER<br>EXPENDITURES AND OTHER USE: | (591,116.43)          | 60,001.64            | (16,825.22)                | (14,007.81)          |
| <b>RESIDUAL EQUITY TRANSFER</b>  |                       |                      |                            |                      |
| FUND BALANCE, JULY 1   | <u>1,165,612.55</u>   | <u>284,994.17</u>    | <u>55,853.27</u>           | <u>46,520.57</u>     |
| FUND BALANCE, JUNE 30  | <u>\$ 574,496.12</u>  | <u>\$ 344,995.81</u> | <u>\$ 39,028.05</u>        | <u>\$ 32,512.76</u>  |

| YOUTH<br>MINI-GRANT | BUILDING<br>DEPARTMENT | OAKDALE<br>DEVELOPMENT | POLICE K-9<br>PROGRAM | DRUG LAW<br>ENFORCEMENT |
|---------------------|------------------------|------------------------|-----------------------|-------------------------|
| \$                  | \$ 8,375.70            | \$                     | \$                    | \$                      |
| 45.52               | 0.44                   | 50,056.72              | 29.63                 | 194.97                  |
|                     |                        | 30,331.28              | 600.00                | 1,192.25                |
| <u>45.52</u>        | <u>8,376.14</u>        | <u>80,388.00</u>       | <u>629.63</u>         | <u>1,387.22</u>         |
|                     | 16,287.25              | 193,767.53             |                       |                         |
|                     | <u>16,287.25</u>       | <u>193,767.53</u>      | <u>447.13</u>         | <u>1,954.96</u>         |
| 45.52               | (7,911.11)             | (113,379.53)           | 182.50                | (567.74)                |
| 5,000.00            | 25,000.00              | 140,038.98             | 500.00                |                         |
| <u>(5,000.00)</u>   | <u>(16,320.82)</u>     | <u>(26,816.00)</u>     |                       |                         |
|                     | 8,679.18               | 113,222.98             | 500.00                |                         |
| 45.52               | 768.07                 | (156.55)               | 682.50                | (567.74)                |
| 223.28              | (3,752.60)             | 15,885.14              | 2,783.54              | 20,213.04               |
| <u>\$ 268.80</u>    | <u>\$ (2,984.53)</u>   | <u>\$ 15,728.59</u>    | <u>\$ 3,466.04</u>    | <u>\$ 19,645.30</u>     |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - Concluded**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|  | D.A.R.E.           | GENERAL<br>FORFEITURE | PUBLIC<br>SAFETY<br>TRAINING |
|--|--------------------|-----------------------|------------------------------|
| REVENUES   |                    |                       |                              |
| Charges for services   | \$                 | \$                    | \$                           |
| Intergovernmental  |                    |                       |                              |
| Federal  |                    |                       |                              |
| State  |                    |                       | 4,314.88                     |
| Interest and rent  | 75.37              | 5.90                  | 7.71                         |
| Donations  | 4,294.97           |                       |                              |
| Other revenue  |                    |                       |                              |
| TOTAL REVENUES   | <u>4,370.34</u>    | <u>5.90</u>           | <u>4,322.59</u>              |
| EXPENDITURES   |                    |                       |                              |
| Highways and streets   |                    |                       |                              |
| Culture and recreation   |                    |                       |                              |
| Health and welfare   |                    |                       |                              |
| Community development<br>and enrichment  |                    |                       |                              |
| Public safety  | <u>2,336.72</u>    |                       | <u>4,314.88</u>              |
| TOTAL EXPENDITURES   | <u>2,336.72</u>    |                       | <u>4,314.88</u>              |
| EXCESS (DEFICIENCY) OF REVENUES  |                    |                       |                              |
| OVER EXPENDITURES  | <u>2,033.62</u>    | <u>5.90</u>           | <u>7.71</u>                  |
| OTHER FINANCING SOURCES (USES)   |                    |                       |                              |
| Operating transfers in   |                    |                       |                              |
| Operating transfers out  |                    | (500.00)              |                              |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  |                    | <u>(500.00)</u>       |                              |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER SOURCES OVER<br>EXPENDITURES AND OTHER USES | 2,033.62           | (494.10)              | 7.71                         |
| RESIDUAL EQUITY TRANSFER   |                    |                       |                              |
| FUND BALANCE, JULY 1   | <u>6,208.31</u>    | <u>1,223.12</u>       | <u>326.58</u>                |
| FUND BALANCE, JUNE 30  | \$ <u>8,241.93</u> | \$ <u>729.02</u>      | \$ <u>334.29</u>             |

| HOUSING<br>RESOURCE | TOTAL<br>SPECIAL REVENUE<br>2004 | ELIMINATION<br>OF MAJOR<br>FUNDS | TOTAL NON-<br>MAJOR SPECIAL<br>REVENUE<br>2004 | TOTAL<br>SPECIAL<br>REVENUE<br>2003 |
|---------------------|----------------------------------|----------------------------------|--|-------------------------------------|
| \$                  | \$ 1,124,348.37                  | \$ (1,077,490.57)                | \$ 46,857.80                                   | \$ 1,082,186.95                     |
| 159,989.70          | 348,197.08                       | (188,207.38)                     | 159,989.70                                     | 245,221.41                          |
| 18,718.47           | 697,443.94                       | (531,970.23)                     | 165,473.71                                     | 688,571.80                          |
|                     | 118,597.25                       | (65,053.42)                      | 53,543.83                                      | 125,720.71                          |
|                     | 145,499.92                       | (140,604.95)                     | 4,894.97                                       | 535,096.50                          |
| 58,603.00           | 102,754.69                       | (12,628.16)                      | 90,126.53                                      | 255,190.54                          |
| <u>237,311.17</u>   | <u>2,536,841.25</u>              | <u>(2,015,954.71)</u>            | <u>520,886.54</u>                              | <u>2,931,987.91</u>                 |
|                     | 2,071,851.37                     | (1,894,796.39)                   | 177,054.98                                     | 1,960,516.58                        |
|                     | 1,795,865.61                     | (1,795,865.61)                   |  | 1,561,544.34                        |
|                     | 128,450.71                       |                                  | 128,450.71                                     | 138,177.15                          |
| 216,567.70          | 426,622.48                       |                                  | 426,622.48                                     | 727,042.64                          |
|                     | 9,053.69                         |                                  | 9,053.69                                       | 18,874.42                           |
| <u>216,567.70</u>   | <u>4,431,843.86</u>              | <u>(3,690,662.00)</u>            | <u>741,181.86</u>                              | <u>4,406,155.13</u>                 |
| 20,743.47           | (1,895,002.61)                   | (1,674,707.29)                   | (220,295.32)                                   | (1,474,167.22)                      |
| (18,718.00)         | 1,867,011.11                     | (1,512,515.64)                   | 354,495.47                                     | 2,238,500.04                        |
|                     | (529,611.82)                     | 445,750.00                       | (83,861.82)                                    | (553,230.95)                        |
| <u>(18,718.00)</u>  | <u>1,337,399.29</u>              | <u>(1,066,765.64)</u>            | <u>270,633.65</u>                              | <u>1,685,269.09</u>                 |
| 2,025.47            | (557,603.32)                     | 607,941.65                       | 50,338.33                                      | 211,101.87                          |
|                     |                                  |                                  |  | (6,159.82)                          |
| 11,477.15           | 1,607,568.12                     | (1,221,465.82)                   | 386,102.30                                     | 1,402,626.07                        |
| <u>\$ 13,502.62</u> | <u>\$ 1,049,964.80</u>           | <u>\$ (613,524.17)</u>           | <u>\$ 436,440.63</u>                           | <u>\$ 1,607,568.12</u>              |



**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MAJOR STREET FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|  | <u>2004</u>           |                       |   | <u>2003</u>            |
|--|-----------------------|-----------------------|---|------------------------|
|  | <u>BUDGET</u>         | <u>ACTUAL</u>         | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> | <u>ACTUAL</u>          |
| REVENUES   |                       |                       |   |                        |
| State grants   | \$ 420,000.00         | \$ 531,970.23         | \$ 111,970.23                                   | \$ 487,922.38          |
| Federal grants   | 385,375.00            | 188,207.38            | (197,167.62)                                    |                        |
| Interest on investments  | 4,200.00              | 1,621.19              | (2,578.81)                                      | 7,056.70               |
| Donations  | <u>210,000.00</u>     | <u>19,008.00</u>      | <u>(190,992.00)</u>                             | <u>518,875.77</u>      |
| TOTAL REVENUES   | <u>1,019,575.00</u>   | <u>740,806.80</u>     | <u>(278,768.20)</u>                             | <u>1,013,854.85</u>    |
| EXPENDITURES   |                       |                       |   |                        |
| Highways and streets   | <u>2,555,635.00</u>   | <u>1,894,796.39</u>   | <u>660,838.61</u>                               | <u>1,745,863.84</u>    |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES                            | <u>(1,536,060.00)</u> | <u>(1,153,989.59)</u> | <u>382,070.41</u>                               | <u>(732,008.99)</u>    |
| OTHER FINANCING SOURCES (USES)   |                       |                       |   |                        |
| Operating transfers in   | 1,470,195.00          | 1,008,623.16          | (461,571.84)                                    | 1,407,700.27           |
| Operating transfers out  | <u>(483,321.00)</u>   | <u>(445,750.00)</u>   | <u>37,571.00</u>                                | <u>(424,111.97)</u>    |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>986,874.00</u>     | <u>562,873.16</u>     | <u>(424,000.84)</u>                             | <u>983,588.30</u>      |
| DEFICIENCY OF REVENUES<br>AND OTHER SOURCES<br>OVER EXPENDITURES<br>AND OTHER USES | <u>(549,186.00)</u>   | <u>(591,116.43)</u>   | <u>(41,930.43)</u>                              | <u>251,579.31</u>      |
| FUND BALANCE, JULY 1   | <u>1,165,612.55</u>   | <u>1,165,612.55</u>   |   | <u>914,033.24</u>      |
| FUND BALANCE, JUNE 30  | <u>\$ 616,426.55</u>  | <u>\$ 574,496.12</u>  | <u>\$ (41,930.43)</u>                           | <u>\$ 1,165,612.55</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LOCAL STREET FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | 2004          |               | VARIANCE                   | 2003          |
|---|---------------|---------------|----------------------------|---------------|
|   | BUDGET        | ACTUAL        | FAVORABLE<br>(UNFAVORABLE) | ACTUAL        |
| REVENUES  |               |               |                            |               |
| State grants  | \$ 122,439.00 | \$ 142,440.36 | \$ 20,001.36               | \$ 131,832.63 |
| Interest on investments   | 3,500.00      | 2,808.90      | (691.10)                   | 3,934.64      |
| TOTAL REVENUES  | 125,939.00    | 145,249.26    | 19,310.26                  | 135,767.27    |
| EXPENDITURES  |               |               |                            |               |
| Highways and streets  | 387,863.00    | 177,054.98    | 210,808.02                 | 214,652.74    |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES                                     | (261,924.00)  | (31,805.72)   | 230,118.28                 | (78,885.47)   |
| OTHER FINANCING SOURCES (USES)  |               |               |                            |               |
| Operating transfers in  | 109,006.00    | 108,314.36    | (691.64)                   | 108,703.00    |
| Operating transfers out   | (17,278.00)   | (16,507.00)   | 771.00                     | (29,640.00)   |
| TOTAL OTHER FINANCING<br>SOURCES (USES)   | 91,728.00     | 91,807.36     | 79.36                      | 79,063.00     |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES<br>AND OTHER USES | (170,196.00)  | 60,001.64     | 230,197.64                 | 177.53        |
| FUND BALANCE, JULY 1  | 284,994.17    | 284,994.17    |                            | 284,816.64    |
| FUND BALANCE, JUNE 30   | \$ 114,798.17 | \$ 344,995.81 | \$ 230,197.64              | \$ 284,994.17 |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARKS AND RECREATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|  | <u>2004</u>         |                     |  | <u>2003</u>         |
|--|---------------------|---------------------|--|---------------------|
|  | BUDGET              | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | ACTUAL              |
| REVENUES   |                     |                     |  |                     |
| Charges for services   | \$ 1,187,825.00     | \$ 1,077,490.57     | \$ (110,334.43)                        | \$ 1,024,774.11     |
| Interest and rent  | 67,912.00           | 63,432.23           | (4,479.77)                             | 63,719.04           |
| Other revenues   | 135,248.00          | 134,225.11          | (1,022.89)                             | 22,603.13           |
| Intergovernmental - state  |                     |                     |  | 27,550.00           |
| TOTAL REVENUES   | <u>1,390,985.00</u> | <u>1,275,147.91</u> | <u>(115,837.09)</u>                    | <u>1,138,646.28</u> |
| EXPENDITURES   |                     |                     |  |                     |
| Culture and recreation   | <u>2,019,310.00</u> | <u>1,795,865.61</u> | <u>223,444.39</u>                      | <u>1,561,544.34</u> |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES                            | <u>(628,325.00)</u> | <u>(520,717.70)</u> | <u>107,607.30</u>                      | <u>(422,898.06)</u> |
| OTHER FINANCING SOURCES (USES)   |                     |                     |  |                     |
| Operating transfers in   | 583,724.00          | 503,892.48          | (79,831.52)                            | 382,747.97          |
| Operating transfers out  |                     |                     |  | (9,496.00)          |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>583,724.00</u>   | <u>503,892.48</u>   | <u>(79,831.52)</u>                     | <u>373,251.97</u>   |
| DEFICIENCY OF REVENUES<br>AND OTHER SOURCES<br>OVER EXPENDITURES<br>AND OTHER USES | <u>(44,601.00)</u>  | <u>(16,825.22)</u>  | <u>27,775.78</u>                       | <u>(49,646.09)</u>  |
| RESIDUAL EQUITY TRANSFER   |                     |                     |  | (6,159.82)          |
| FUND BALANCE, JULY 1   | <u>55,853.27</u>    | <u>55,853.27</u>    |  | <u>111,659.18</u>   |
| FUND BALANCE, JUNE 30  | \$ <u>11,252.27</u> | \$ <u>39,028.05</u> | \$ <u>27,775.78</u>                    | \$ <u>55,853.27</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MT. HOPE CEMETERY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|  | <u>2004</u>         |                     |  | <u>2003</u>         |
|--|---------------------|---------------------|--|---------------------|
|  | BUDGET              | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | ACTUAL              |
| REVENUES   |                     |                     |  |                     |
| Charges for services   | \$ 44,500.00        | \$ 38,482.10        | \$ (6,017.90)                          | \$ 53,814.84        |
| Interest on investments  | 500.00              | 318.67              | (181.33)                               | 471.75              |
| Other revenue  | 4,500.00            |                     | (4,500.00)                             | 100.00              |
| TOTAL REVENUES   | <u>49,500.00</u>    | <u>38,800.77</u>    | <u>(10,699.23)</u>                     | <u>54,386.59</u>    |
| EXPENDITURES   |                     |                     |  |                     |
| Health and welfare   | <u>141,191.00</u>   | <u>128,450.71</u>   | <u>12,740.29</u>                       | <u>138,177.15</u>   |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES  | <u>(91,691.00)</u>  | <u>(89,649.94)</u>  | <u>2,041.06</u>                        | <u>(83,790.56)</u>  |
| OTHER FINANCING SOURCES  |                     |                     |  |                     |
| Operating transfers in   | <u>76,691.00</u>    | <u>75,642.13</u>    | <u>(1,048.87)</u>                      | <u>106,649.47</u>   |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER<br>EXPENDITURES<br>AND OTHER USES | <u>(15,000.00)</u>  | <u>(14,007.81)</u>  | <u>992.19</u>                          | <u>22,858.91</u>    |
| FUND BALANCE, JULY 1   | <u>46,520.57</u>    | <u>46,520.57</u>    |  | <u>23,661.66</u>    |
| FUND BALANCE, JUNE 30  | <u>\$ 31,520.57</u> | <u>\$ 32,512.76</u> | <u>\$ 992.19</u>                       | <u>\$ 46,520.57</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YOUTH MINI-GRANT**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | <u>2004</u>             |                         |   | <u>2003</u>             |
|---|-------------------------|-------------------------|---|-------------------------|
|   | <u>BUDGET</u>           | <u>ACTUAL</u>           | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> | <u>ACTUAL</u>           |
| REVENUES  |                         |                         |   |                         |
| Interest income   | \$ <u>          </u>    | \$ <u>45.52</u>         | \$ <u>45.52</u>                                 | \$ <u>94.16</u>         |
| OTHER FINANCING SOURCES   |                         |                         |   |                         |
| Operating transfers in  | <u>5,000.00</u>         | <u>5,000.00</u>         |   |                         |
| Operating transfers out   | <u>(5,000.00)</u>       | <u>(5,000.00)</u>       |   | <u>(7,000.00)</u>       |
| TOTAL OTHER FINANCING<br>SOURCES (USES)   | <u>          </u>       | <u>          </u>       |   | <u>(7,000.00)</u>       |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES<br>AND OTHER USES |                         | <u>45.52</u>            | <u>45.52</u>                                    | <u>(6,905.84)</u>       |
| FUND BALANCE, JULY 1  | <u>223.28</u>           | <u>223.28</u>           |   | <u>7,129.12</u>         |
| FUND BALANCE, JUNE 30   | \$ <u><u>223.28</u></u> | \$ <u><u>268.80</u></u> | \$ <u><u>45.52</u></u>                          | \$ <u><u>223.28</u></u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BUILDING DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | 2004               |                      | VARIANCE                   | 2003                 |
|---|--------------------|----------------------|----------------------------|----------------------|
|   | BUDGET             | ACTUAL               | FAVORABLE<br>(UNFAVORABLE) | ACTUAL               |
| REVENUES  |                    |                      |                            |                      |
| Charges for services  | \$ 6,500.00        | \$ 8,375.70          | \$ 1,875.70                | \$ 8,590.00          |
| Interest on investments   |                    | 0.44                 | 0.44                       | 6.63                 |
| TOTAL REVENUES  | <u>6,500.00</u>    | <u>8,376.14</u>      | <u>1,876.14</u>            | <u>8,596.63</u>      |
| EXPENDITURES  |                    |                      |                            |                      |
| Community development<br>and enrichment   | <u>16,000.00</u>   | <u>16,287.25</u>     | <u>(287.25)</u>            | <u>27,871.24</u>     |
| DEFICIENCY OF<br>REVENUES OVER<br>EXPENDITURES  | <u>(9,500.00)</u>  | <u>(7,911.11)</u>    | <u>1,588.89</u>            | <u>(19,274.61)</u>   |
| OTHER FINANCING SOURCES (USES)  |                    |                      |                            |                      |
| Operating transfers in  | 25,000.00          | 25,000.00            |                            | 31,000.00            |
| Operating transfers out   | <u>(11,700.00)</u> | <u>(16,320.82)</u>   | <u>(4,620.82)</u>          | <u>(15,516.71)</u>   |
| TOTAL OTHER FINANCING<br>SOURCES (USES)   | <u>13,300.00</u>   | <u>8,679.18</u>      | <u>(4,620.82)</u>          | <u>15,483.29</u>     |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES<br>AND OTHER USES | 3,800.00           | 768.07               | (3,031.93)                 | (3,791.32)           |
| FUND BALANCE, JULY 1  | <u>(3,752.60)</u>  | <u>(3,752.60)</u>    |                            | <u>38.72</u>         |
| FUND BALANCE, JUNE 30   | \$ <u>47.40</u>    | \$ <u>(2,984.53)</u> | \$ <u>(3,031.93)</u>       | \$ <u>(3,752.60)</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**OAKDALE DEVELOPMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | <u>2004</u>                |                            |   | <u>2003</u>                |
|---|----------------------------|----------------------------|---|----------------------------|
|   | <u>BUDGET</u>              | <u>ACTUAL</u>              | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> | <u>ACTUAL</u>              |
| REVENUES  |                            |                            |   |                            |
| Interest and rent   | \$ 50,000.00               | \$ 50,056.72               | \$ 56.72  | \$ 50,002.66               |
| Other revenue   | <u>32,100.00</u>           | <u>30,331.28</u>           | <u>(1,768.72)</u>                               | <u>28,407.29</u>           |
| TOTAL REVENUES  | <u>82,100.00</u>           | <u>80,388.00</u>           | <u>(1,712.00)</u>                               | <u>78,409.95</u>           |
| EXPENDITURES  |                            |                            |   |                            |
| Community development<br>and enrichment   | <u>220,038.00</u>          | <u>193,767.53</u>          | <u>26,270.47</u>                                | <u>252,901.48</u>          |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES                                     | <u>(137,938.00)</u>        | <u>(113,379.53)</u>        | <u>24,558.47</u>                                | <u>(174,491.53)</u>        |
| OTHER FINANCING SOURCES (USES)  |                            |                            |   |                            |
| Operating transfers in  | 164,754.00                 | 140,038.98                 | (24,715.02)                                     | 199,949.33                 |
| Operating transfers out   | <u>(26,816.00)</u>         | <u>(26,816.00)</u>         |   | <u>(26,544.00)</u>         |
| TOTAL OTHER FINANCING<br>SOURCES (USES)   | <u>137,938.00</u>          | <u>113,222.98</u>          | <u>(24,715.02)</u>                              | <u>173,405.33</u>          |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES<br>AND OTHER USES |                            | (156.55)                   | (156.55)  | (1,086.20)                 |
| FUND BALANCE, JULY 1  | <u>15,885.14</u>           | <u>15,885.14</u>           |   | <u>16,971.34</u>           |
| FUND BALANCE, JUNE 30   | \$ <u><u>15,885.14</u></u> | \$ <u><u>15,728.59</u></u> | \$ <u><u>(156.55)</u></u>                       | \$ <u><u>15,885.14</u></u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**POLICE K-9**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|  | 2004               |                    | VARIANCE                   | 2003               |
|--|--------------------|--------------------|----------------------------|--------------------|
|  | BUDGET             | ACTUAL             | FAVORABLE<br>(UNFAVORABLE) | ACTUAL             |
| REVENUES   |                    |                    |                            |                    |
| Interest   | \$                 | \$ 29.63           | \$ 29.63                   | \$ 40.97           |
| Other revenue  | <u>1,000.00</u>    | <u>600.00</u>      | <u>(400.00)</u>            | <u>1,300.00</u>    |
| TOTAL REVENUES   | <u>1,000.00</u>    | <u>629.63</u>      | <u>(370.37)</u>            | <u>1,340.97</u>    |
| EXPENDITURES   |                    |                    |                            |                    |
| Public safety  | <u>3,000.00</u>    | <u>447.13</u>      | <u>2,552.87</u>            | <u>2,065.42</u>    |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES  | (2,000.00)         | 182.50             | 2,182.50                   | (724.45)           |
| OTHER FINANCING SOURCES  |                    |                    |                            |                    |
| Operating transfers in   | <u>500.00</u>      | <u>500.00</u>      |                            | <u>1,750.00</u>    |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER<br>EXPENDITURES<br>AND OTHER USES | (1,500.00)         | 682.50             | 2,182.50                   | 1,025.55           |
| FUND BALANCE, JULY 1   | <u>2,783.54</u>    | <u>2,783.54</u>    |                            | <u>1,757.99</u>    |
| FUND BALANCE, JUNE 30  | <u>\$ 1,283.54</u> | <u>\$ 3,466.04</u> | <u>\$ 2,182.50</u>         | <u>\$ 2,783.54</u> |



CITY OF LAPEER, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DRUG LAW ENFORCEMENT  
FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

|   | <u>2004</u>         |                     |  | <u>2003</u>         |
|---|---------------------|---------------------|--|---------------------|
|   | BUDGET              | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | ACTUAL              |
| REVENUES  |                     |                     |  |                     |
| Interest earnings                                       | \$                  | \$ 194.97           | \$ 194.97                              | \$ 260.96           |
| Other revenues  | <u>1,500.00</u>     | <u>1,192.25</u>     | <u>(307.75)</u>                        | <u>13,909.35</u>    |
| TOTAL REVENUES  | <u>1,500.00</u>     | <u>1,387.22</u>     | <u>(112.78)</u>                        | <u>14,170.31</u>    |
| EXPENDITURES  |                     |                     |  |                     |
| Public safety   | <u>6,900.00</u>     | <u>1,954.96</u>     | <u>4,945.04</u>                        | <u>7,444.53</u>     |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES | (5,400.00)          | (567.74)            | 4,832.26                               | 6,725.78            |
| FUND BALANCE, JULY 1                                    | <u>20,213.04</u>    | <u>20,213.04</u>    |  | <u>13,487.26</u>    |
| FUND BALANCE, JUNE 30                                   | <u>\$ 14,813.04</u> | <u>\$ 19,645.30</u> | <u>\$ 4,832.26</u>                     | <u>\$ 20,213.04</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**D.A.R.E.**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | <u>2004</u>        |                    | <u>2003</u>                                     |
|---|--------------------|--------------------|---|
|   | <u>BUDGET</u>      | <u>ACTUAL</u>      | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
| REVENUES  |                    |                    | <u>ACTUAL</u>                                   |
| Interest earnings                                       | \$                 | \$ 75.37           | \$ 75.37  |
| Other revenues  | <u>2,500.00</u>    | <u>4,294.97</u>    | <u>1,794.97</u>                                 |
| TOTAL REVENUES  | <u>2,500.00</u>    | <u>4,370.34</u>    | <u>1,870.34</u>                                 |
| EXPENDITURES  |                    |                    | <u>2,448.56</u>                                 |
| Public safety   | <u>3,000.00</u>    | <u>2,336.72</u>    | <u>663.28</u>                                   |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES | (500.00)           | 2,033.62           | 2,533.62  |
| FUND BALANCE, JULY 1                                    | <u>6,208.31</u>    | <u>6,208.31</u>    | <u>5,054.86</u>                                 |
| FUND BALANCE, JUNE 30                                   | <u>\$ 5,708.31</u> | <u>\$ 8,241.93</u> | <u>\$ 2,533.62</u>                              |
|   |                    |                    | <u>\$ 6,208.31</u>                              |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FORFEITURE**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | <u>2004</u>             |                           | <u>VARIANCE</u>                          | <u>2003</u>               |
|---|-------------------------|---------------------------|--|---------------------------|
|   | <u>BUDGET</u>           | <u>ACTUAL</u>             | <u>FAVORABLE</u><br><u>(UNFAVORABLE)</u> | <u>ACTUAL</u>             |
| REVENUES  |                         |                           |  |                           |
| Interest earnings   | \$ <u>          </u>    | \$ <u>      5.90</u>      | \$ <u>      5.90</u>                     | \$ <u>      30.29</u>     |
| EXPENDITURES  |                         |                           |  |                           |
| Public safety   | <u>      850.00</u>     | <u>                  </u> | <u>      850.00</u>                      | <u>     2,609.65</u>      |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES                                     | (850.00)                | 5.90                      | 855.90                                   | (2,579.36)                |
| OTHER FINANCING USES  |                         |                           |  |                           |
| Operating transfers out   | <u>     (500.00)</u>    | <u>     (500.00)</u>      | <u>                  </u>                | <u>                  </u> |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES<br>AND OTHER USES | (1,350.00)              | (494.10)                  | 855.90                                   | (2,579.36)                |
| FUND BALANCE, JULY 1  | <u>     1,223.12</u>    | <u>     1,223.12</u>      | <u>                  </u>                | <u>     3,802.48</u>      |
| FUND BALANCE, JUNE 30   | \$ <u>     (126.88)</u> | \$ <u>      729.02</u>    | \$ <u>      855.90</u>                   | \$ <u>     1,223.12</u>   |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**TUITION REIMBURSEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|  | <u>2004</u>   |               | <u>2003</u>                                     |
|--|---------------|---------------|---|
|  | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
| REVENUES   |               |               |   |
| Interest on investments  | \$ _____      | \$ _____      | \$ _____  |
| EXPENDITURES   |               |               |   |
| Community development<br>and enrichment  | _____         | _____         | _____   |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES                            | _____         | _____         | _____   |
| OTHER FINANCING SOURCES  |               |               |   |
| Operating transfers in   | _____         | _____         | _____   |
| Operating transfers out  | _____         | _____         | (8,422.27)                                      |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | _____         | _____         | (8,422.27)                                      |
| DEFICIENCY OF REVENUES<br>AND OTHER SOURCES<br>OVER EXPENDITURES<br>AND OTHER USES |               |               | (8,422.27)                                      |
| FUND BALANCE, JULY 1   | _____         | _____         | 8,422.27  |
| FUND BALANCE, JUNE 30  | \$ _____      | \$ _____      | \$ _____  |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PUBLIC SAFETY TRAINING**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|   | <u>2004</u>      |                  |  | <u>2003</u>      |
|---|------------------|------------------|--|------------------|
|   | BUDGET           | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | ACTUAL           |
| REVENUES                                |                  |                  |  |                  |
| State grants                            | \$ 4,200.00      | \$ 4,314.88      | \$ 114.88                              | \$ 4,306.26      |
| Interest earnings                       |                  | 7.71             | 7.71                                   | 12.42            |
| TOTAL REVENUES                          | <u>4,200.00</u>  | <u>4,322.59</u>  | <u>122.59</u>                          | <u>4,318.68</u>  |
| EXPENDITURES                            |                  |                  |  |                  |
| Public safety                           | <u>4,200.00</u>  | <u>4,314.88</u>  | <u>(114.88)</u>                        | <u>4,306.26</u>  |
| EXCESS OF REVENUES<br>OVER EXPENDITURES |                  | 7.71             | 7.71                                   | 12.42            |
| FUND BALANCE, JULY 1                    | <u>326.58</u>    | <u>326.58</u>    |  | <u>314.16</u>    |
| FUND BALANCE, JUNE 30                   | <u>\$ 326.58</u> | <u>\$ 334.29</u> | <u>\$ 7.71</u>                         | <u>\$ 326.58</u> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOUSING RESOURCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003**

|  | <u>2004</u>         |                     |   | <u>2003</u>         |
|--|---------------------|---------------------|---|---------------------|
|  | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> | <u>ACTUAL</u>       |
| REVENUES   |                     |                     |   |                     |
| Federal grants   | \$ 375,000.00       | \$ 159,989.70       | \$ (215,010.30)                                 | \$ 245,221.41       |
| State grants   | 37,500.00           | 18,718.47           | (18,781.53)                                     | 36,960.53           |
| Other revenues   | <u>225,000.00</u>   | <u>58,603.00</u>    | <u>(166,397.00)</u>                             | <u>196,587.98</u>   |
| TOTAL REVENUES   | <u>637,500.00</u>   | <u>237,311.17</u>   | <u>(400,188.83)</u>                             | <u>478,769.92</u>   |
| EXPENDITURES   |                     |                     |   |                     |
| Community development<br>and enrichment  | <u>605,000.00</u>   | <u>216,567.70</u>   | <u>388,432.30</u>                               | <u>446,269.92</u>   |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES                        | <u>32,500.00</u>    | <u>20,743.47</u>    | <u>(11,756.53)</u>                              | <u>32,500.00</u>    |
| OTHER FINANCING USES   |                     |                     |   |                     |
| Operating transfers out  | <u>(32,500.00)</u>  | <u>(18,718.00)</u>  | <u>13,782.00</u>                                | <u>(32,500.00)</u>  |
| EXCESS OF REVENUES AND<br>OTHER SOURCES OVER<br>EXPENDITURES<br>AND OTHER USES |                     | 2,025.47            | 2,025.47  |                     |
| FUND BALANCE, JULY 1   | <u>11,477.15</u>    | <u>11,477.15</u>    |   | <u>11,477.15</u>    |
| FUND BALANCE, JUNE 30  | <u>\$ 11,477.15</u> | <u>\$ 13,502.62</u> | <u>\$ 2,025.47</u>                              | <u>\$ 11,477.15</u> |

## DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

The City's Debt Service Funds include the 1995 General Obligation Limited Tax Bonds, 1996 General Obligation Limited Tax Bonds, 1997 General Obligation Limited Tax Bonds, 1998 General Obligation Limited Tax Bonds, 1998 Series B General Obligation Limited Tax Bonds, 2000 General Obligation Limited Tax Bonds, 2001 General Obligation Limited Tax Bonds, 2002 General Obligation Limited Tax Bonds, 2003 General Obligation Limited Tax Bonds, 1994 Special Assessment Bonds, 1995 Special Assessment Bonds, 1996 Special Assessment Bonds, 1997 Special Assessment Bonds, 1998 Special Assessment Bonds, 1998 Series B Special Assessment Bonds, 2000 Special Assessment Bonds, 2001 Special Assessment Bonds, 2002 Special Assessment Bonds, 2003 Special Assessment Bonds, 2002 Equipment Financing, 2003 Equipment Financing, 1999 Building Authority Bonds, 2001 Building Authority Bonds, 2002 Building Authority Bonds, and 1990 Michigan Transportation Bonds.

CITY OF LAPEER, MICHIGAN  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 2004  
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2003

|                                       | 1995<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1996<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1997<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1998<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS |
|---------------------------------------|---|---|---|---|
| ASSETS                                |   |   |   |   |
| Cash                                  | \$ 5,453.99   | \$ 2,554.63   | \$ 1,883.19   | \$ 3,480.82   |
| Assessments receivable                |   |   |   |   |
| Prepaid expense                       | 577.25  |   |   |   |
| Due from other funds                  |   |   |   |   |
| TOTAL ASSETS                          | <u>\$ 6,031.24</u>                                    | <u>\$ 2,554.63</u>                                    | <u>\$ 1,883.19</u>                                    | <u>\$ 3,480.82</u>                                    |
| LIABILITIES AND FUND BALANCE          |   |   |   |   |
| LIABILITIES                           |   |   |   |   |
| Deferred revenue                      | \$  | \$  | \$  | \$  |
| Due to other funds                    | <u>577.25</u>   |   |   |   |
| TOTAL LIABILITIES                     | <u>577.25</u>   |   |   |   |
| FUND BALANCE                          |   |   |   |   |
| Reserved for debt service             | <u>5,453.99</u>                                       | <u>2,554.63</u>                                       | <u>1,883.19</u>                                       | <u>3,480.82</u>                                       |
| TOTAL LIABILITIES<br>AND FUND BALANCE | <u>\$ 6,031.24</u>                                    | <u>\$ 2,554.63</u>                                    | <u>\$ 1,883.19</u>                                    | <u>\$ 3,480.82</u>                                    |



| 1998 SERIES B<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2000<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2001<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2002<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2003<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1994<br>SPECIAL<br>ASSESSMENT<br>BONDS |
|--|---|---|---|---|--|
| \$ 1,387.18  | \$ 1,435.21   | \$ 3,786.93   | \$ 8.52   | \$ 440.69   | \$                                     |
| <u>\$ 1,387.18</u>   | <u>\$ 1,435.21</u>                                    | <u>\$ 3,786.93</u>                                    | <u>\$ 8.52</u>  | <u>\$ 440.69</u>                                      | <u>\$</u>                              |
| \$   | \$  | \$  | \$  | \$  | \$                                     |
| <u></u>  | <u></u>   | <u></u>   | <u></u>   | <u></u>   | <u></u>                                |
| <u></u>  | <u></u>   | <u></u>   | <u></u>   | <u></u>   | <u></u>                                |
| <u>1,387.18</u>  | <u>1,435.21</u>                                       | <u>3,786.93</u>                                       | <u>8.52</u>   | <u>440.69</u>   | <u></u>                                |
| <u>\$ 1,387.18</u>   | <u>\$ 1,435.21</u>                                    | <u>\$ 3,786.93</u>                                    | <u>\$ 8.52</u>  | <u>\$ 440.69</u>                                      | <u>\$</u>                              |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING BALANCE SHEET - Continued**  
**DEBT SERVICE FUNDS**  
**JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|   | 1995<br>SPECIAL<br>ASSESSMENT<br>BONDS | 1996<br>SPECIAL<br>ASSESSMENT<br>BONDS | 1997<br>SPECIAL<br>ASSESSMENT<br>BONDS | 1998<br>SPECIAL<br>ASSESSMENT<br>BONDS |
|---|--|--|--|--|
| <b>ASSETS</b>                                 |  |  |  |  |
| Cash  | \$ 143,387.16                          | \$ 54,678.64                           | \$ 168,397.48                          | \$ 296,779.82                          |
| Assessments receivable                        | 11,375.78                              | 7,675.34                               | 85,058.64                              | 707,100.18                             |
| Prepaid expense                               | 2,808.50                               |  |  |  |
| Duc from other funds                          | <u>539.76</u>                          | <u>1,923.00</u>                        | <u>5,350.86</u>                        |  |
| <b>TOTAL ASSETS</b>                           | <u>\$ 158,111.20</u>                   | <u>\$ 64,276.98</u>                    | <u>\$ 258,806.98</u>                   | <u>\$ 1,003,880.00</u>                 |
| <b>LIABILITIES AND FUND BALANCE</b>           |  |  |  |  |
| <b>LIABILITIES</b>                            |  |  |  |  |
| Deferred revenue                              | \$ 11,375.78                           | \$ 7,675.34                            | \$ 85,058.64                           | \$ 707,100.18                          |
| Due to other funds                            |  |  |  |  |
| <b>TOTAL LIABILITIES</b>                      | <u>11,375.78</u>                       | <u>7,675.34</u>                        | <u>85,058.64</u>                       | <u>707,100.18</u>                      |
| <b>FUND BALANCE</b>                           |  |  |  |  |
| Reserved for debt service                     | <u>146,735.42</u>                      | <u>56,601.64</u>                       | <u>173,748.34</u>                      | <u>296,779.82</u>                      |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b> | <u>\$ 158,111.20</u>                   | <u>\$ 64,276.98</u>                    | <u>\$ 258,806.98</u>                   | <u>\$ 1,003,880.00</u>                 |

| 1998 SERIES B<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2000<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2001<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2002<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2003<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2002<br>EQUIPMENT<br>FINANCING |
|---|--|--|--|--|--------------------------------|
| \$ 20,973.57                                    | \$ 21,880.87                           | \$ 92,924.77                           | \$ 104,301.63                          | \$ 89,028.12                           | \$ 75.51                       |
| 36,384.50                                       | 24,339.06                              | 49,038.27                              | 211,395.28                             | 134,361.07                             |                                |
| 590.66  | 339.74                                 | 2,544.36                               | 13,035.76                              | 5,270.13                               |                                |
| <u>\$ 57,948.73</u>                             | <u>\$ 46,559.67</u>                    | <u>\$ 144,507.40</u>                   | <u>\$ 328,732.67</u>                   | <u>\$ 228,659.32</u>                   | <u>\$ 75.51</u>                |
| \$ 36,384.50                                    | \$ 24,339.06                           | \$ 49,038.27                           | \$ 211,395.28                          | \$ 134,361.07                          | \$                             |
| <u>36,384.50</u>                                | <u>24,339.06</u>                       | <u>49,038.27</u>                       | <u>211,395.28</u>                      | <u>134,361.07</u>                      |                                |
| <u>21,564.23</u>                                | <u>22,220.61</u>                       | <u>95,469.13</u>                       | <u>117,337.39</u>                      | <u>94,298.25</u>                       | <u>75.51</u>                   |
| <u>\$ 57,948.73</u>                             | <u>\$ 46,559.67</u>                    | <u>\$ 144,507.40</u>                   | <u>\$ 328,732.67</u>                   | <u>\$ 228,659.32</u>                   | <u>\$ 75.51</u>                |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING BALANCE SHEET - Concluded**  
**DEBT SERVICE FUNDS**  
**JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|   | 2003<br>EQUIPMENT<br>FINANCING | 1999<br>BUILDING<br>AUTHORITY<br>BONDS | 2001<br>BUILDING<br>AUTHORITY<br>BONDS | 2002<br>BUILDING<br>AUTHORITY<br>BONDS |
|---|--------------------------------|--|--|--|
| <b>ASSETS</b>                                 |                                |  |  |  |
| Cash  | \$ 4,789.53                    | \$ 38,639.86                           | \$ 30,655.85                           | \$ 24,885.55                           |
| Assessments receivable                        |                                |  |  |  |
| Prepaid expense                               |                                |  |  |  |
| Due from other funds                          |                                |  |  |  |
| <b>TOTAL ASSETS</b>                           | <u>\$ 4,789.53</u>             | <u>\$ 38,639.86</u>                    | <u>\$ 30,655.85</u>                    | <u>\$ 24,885.55</u>                    |
| <b>LIABILITIES AND FUND BALANCE</b>           |                                |  |  |  |
| <b>LIABILITIES</b>                            |                                |  |  |  |
| Deferred revenue                              | \$                             | \$                                     | \$                                     | \$                                     |
| Due to other funds                            |                                |  |  |  |
| <b>TOTAL LIABILITIES</b>                      |                                |  |  |  |
| <b>FUND BALANCE</b>                           |                                |  |  |  |
| Reserved for debt service                     | <u>4,789.53</u>                | <u>38,639.86</u>                       | <u>30,655.85</u>                       | <u>24,885.55</u>                       |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b> | <u>\$ 4,789.53</u>             | <u>\$ 38,639.86</u>                    | <u>\$ 30,655.85</u>                    | <u>\$ 24,885.55</u>                    |

| 1990<br>MICHIGAN<br>TRANSPORTATION<br>BONDS | TOTAL<br>DEBT SERVICE<br>2004                            | ELIMINATION<br>OF MAJOR<br>FUNDS                   | TOTAL<br>NON-MAJOR<br>DEBT SERVICE<br>2004           | TOTAL<br>DEBT SERVICE<br>2003                            |
|---|--|--|--|--|
| \$ 6,706.23                                 | \$ 1,118,535.75<br>1,266,728.12<br>3,385.75<br>29,594.27 | \$ (401,081.45)<br>(918,495.46)<br><br>(13,035.76) | \$ 717,454.30<br>348,232.66<br>3,385.75<br>16,558.51 | \$ 1,193,709.62<br>1,506,016.64<br>8,472.00<br>24,844.44 |
| <u>\$ 6,706.23</u>                          | <u>\$ 2,418,243.89</u>                                   | <u>\$ (1,332,612.67)</u>                           | <u>\$ 1,085,631.22</u>                               | <u>\$ 2,733,042.70</u>                                   |
| <br>\$                                      | <br>\$ 1,266,728.12 \$                                   | <br>(918,495.46) \$                                | <br>348,232.66                                       | <br>\$ 1,506,016.64                                      |
| <u>577.25</u>                               | <u>577.25</u>  | <u>577.25</u>                                      | <u>577.25</u>  | <u>577.25</u>  |
| <u>6,706.23</u>                             | <u>1,267,305.37</u>                                      | <u>(918,495.46)</u>                                | <u>348,809.91</u>                                    | <u>1,506,016.64</u>                                      |
| <br>6,706.23                                | <br>1,150,938.52   | <br>(414,117.21)                                   | <br>736,821.31                                       | <br>1,227,026.06   |
| <u>\$ 6,706.23</u>                          | <u>\$ 2,418,243.89</u>                                   | <u>\$ (1,332,612.67)</u>                           | <u>\$ 1,085,631.22</u>                               | <u>\$ 2,733,042.70</u>                                   |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|   | 1995<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1996<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1997<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1998<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS |
|---|---|---|---|---|
| REVENUES  |   |   |   |   |
| Taxes and special assessments   | \$ 75.09  | \$ 21.31  | \$ 15.67  | \$ 109.63   |
| Interest earnings   |   |   |   |   |
| Other revenues  |   |   |   |   |
| <b>TOTAL REVENUES</b>   | <u>75.09</u>  | <u>21.31</u>  | <u>15.67</u>  | <u>109.63</u>   |
| EXPENDITURES  |   |   |   |   |
| Debt Service  |   |   |   |   |
| Principal retirement  | 15,000.00   | 10,000.00   | 50,000.00   | 100,000.00  |
| Interest and fiscal charges   | 1,921.32  | 2,193.50  | 8,655.66  | 22,007.00   |
| Other   |   |   |   |   |
| <b>TOTAL EXPENDITURES</b>   | <u>16,921.32</u>                                      | <u>12,193.50</u>                                      | <u>58,655.66</u>                                      | <u>122,007.00</u>                                     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b>  | <u>(16,846.23)</u>                                    | <u>(12,172.19)</u>                                    | <u>(58,639.99)</u>                                    | <u>(121,897.37)</u>                                   |
| OTHER FINANCING SOURCES (USES)  |   |   |   |   |
| Proceeds from bonds   |   |   |   |   |
| Operating transfers in  | 11,530.00   | 12,195.00   | 58,660.00   | 122,011.00  |
| Operating transfers out   |   |   |   |   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>   | <u>11,530.00</u>                                      | <u>12,195.00</u>                                      | <u>58,660.00</u>                                      | <u>122,011.00</u>                                     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES AND OTHER<br/>SOURCES OVER<br/>EXPENDITURES AND<br/>OTHER USES</b> | <u>(5,316.23)</u>                                     | <u>22.81</u>  | <u>20.01</u>  | <u>113.63</u>   |
| <b>FUND BALANCE, JULY 1</b>   | <u>10,770.22</u>                                      | <u>2,531.82</u>                                       | <u>1,863.18</u>                                       | <u>3,367.19</u>                                       |
| <b>FUND BALANCE, JUNE 30</b>  | <u>\$ 5,453.99</u>                                    | <u>\$ 2,554.63</u>                                    | <u>\$ 1,883.19</u>                                    | <u>\$ 3,480.82</u>                                    |

| 1998 SERIES B<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2000<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2001<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2002<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 2003<br>GENERAL<br>OBLIGATION<br>LIMITED<br>TAX BONDS | 1994<br>SPECIAL<br>ASSESSMENT<br>BONDS |
|--|---|---|---|---|--|
| \$ 11.55   | \$ 11.81  | \$ 31.40  | \$ 0.02   | \$ 440.69   | \$ 393.64<br>379.38                    |
| <u>11.55</u>   | <u>11.81</u>  | <u>31.40</u>  | <u>0.02</u>   | <u>440.69</u>   | <u>773.02</u>                          |
| 20,000.00<br>4,367.00  | 25,000.00<br>10,268.17                                | 20,000.00<br>9,835.67                                 | 50,000.00<br>24,184.50                                |   | 70,000.00<br>4,261.34                  |
| <u>24,367.00</u>   | <u>35,268.17</u>                                      | <u>29,835.67</u>                                      | <u>74,184.50</u>                                      |   | <u>74,261.34</u>                       |
| <u>(24,355.45)</u>   | <u>(35,256.36)</u>                                    | <u>(29,804.27)</u>                                    | <u>(74,184.48)</u>                                    | <u>440.69</u>   | <u>(73,488.32)</u>                     |
| 24,370.00  | 35,288.00   | 29,856.00   | 74,193.00   |   | (6,804.45)                             |
| <u>24,370.00</u>   | <u>35,288.00</u>                                      | <u>29,856.00</u>                                      | <u>74,193.00</u>                                      |   | <u>(6,804.45)</u>                      |
| 14.55  | 31.64   | 51.73   | 8.52  | 440.69  | (80,292.77)                            |
| <u>1,372.63</u>  | <u>1,403.57</u>                                       | <u>3,735.20</u>                                       |   |   | <u>80,292.77</u>                       |
| \$ <u>1,387.18</u>   | \$ <u>1,435.21</u>                                    | \$ <u>3,786.93</u>                                    | \$ <u>8.52</u>  | \$ <u>440.69</u>                                      | \$                                     |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - Continued**  
**DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|  | 1995<br>SPECIAL<br>ASSESSMENT<br>BONDS | 1996<br>SPECIAL<br>ASSESSMENT<br>BONDS | 1997<br>SPECIAL<br>ASSESSMENT<br>BONDS | 1998<br>SPECIAL<br>ASSESSMENT<br>BONDS |
|--|--|--|--|--|
| REVENUES   |  |  |  |  |
| Taxes and special assessments  | \$ 15,567.24                           | \$ 10,187.04                           | \$ 56,007.28                           | \$ 156,932.23                          |
| Interest earnings  | 3,279.36                               | 1,743.46                               | 9,905.16                               | 44,879.81                              |
| Other revenues   | <u>44.92</u>                           | <u>153.50</u>                          | <u>511.30</u>                          |  |
| TOTAL REVENUES   | <u>18,891.52</u>                       | <u>12,084.00</u>                       | <u>66,423.74</u>                       | <u>201,812.04</u>                      |
| EXPENDITURES   |  |  |  |  |
| Debt Service   |  |  |  |  |
| Principal retirement   | 100,000.00                             | 10,000.00                              | 60,000.00                              | 180,000.00                             |
| Interest and fiscal charges  | 10,761.34                              | 1,926.00                               | 9,590.66                               | 38,972.00                              |
| Other  | <u></u>                                | <u></u>                                | <u></u>                                | <u></u>                                |
| TOTAL EXPENDITURES   | <u>110,761.34</u>                      | <u>11,926.00</u>                       | <u>69,590.66</u>                       | <u>218,972.00</u>                      |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES  | <u>(91,869.82)</u>                     | <u>158.00</u>                          | <u>(3,166.92)</u>                      | <u>(17,159.96)</u>                     |
| OTHER FINANCING SOURCES (USES)   |  |  |  |  |
| Proceeds from bonds  |  |  |  |  |
| Operating transfers in   |  |  |  |  |
| Operating transfers out  | <u></u>                                | <u></u>                                | <u></u>                                | <u></u>                                |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u></u>                                | <u></u>                                | <u></u>                                | <u></u>                                |
| EXCESS (DEFICIENCY) OF<br>REVENUES AND OTHER<br>SOURCES OVER<br>EXPENDITURES AND<br>OTHER USES | <u>(91,869.82)</u>                     | <u>158.00</u>                          | <u>(3,166.92)</u>                      | <u>(17,159.96)</u>                     |
| FUND BALANCE, JULY 1   | <u>238,605.24</u>                      | <u>56,443.64</u>                       | <u>176,915.26</u>                      | <u>313,939.78</u>                      |
| FUND BALANCE, JUNE 30  | <u>\$ 146,735.42</u>                   | <u>\$ 56,601.64</u>                    | <u>\$ 173,748.34</u>                   | <u>\$ 296,779.82</u>                   |



| 1998 SERIES B<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2000<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2001<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2002<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2003<br>SPECIAL<br>ASSESSMENT<br>BONDS | 2002<br>EQUIPMENT<br>FINANCING |
|---|--|--|--|--|--------------------------------|
| \$ 9,580.22                                     | \$ 5,257.53                            | \$ 15,258.70                           | \$ 104,465.71                          | \$ 92,934.62                           | \$                             |
| 2,634.00  | 1,926.17                               | 4,170.25                               | 18,146.40                              | 942.92                                 | 75.51                          |
| 47.15   | 48.35                                  | 216.14                                 | 1,072.47                               | 420.71                                 |                                |
| <u>12,261.37</u>                                | <u>7,232.05</u>                        | <u>19,645.09</u>                       | <u>123,684.58</u>                      | <u>94,298.25</u>                       | <u>75.51</u>                   |
| 15,000.00                                       | 10,000.00                              | 20,000.00                              | 40,000.00                              |  |                                |
| 3,154.50  | 2,865.66                               | 6,520.68                               | 15,667.00                              |  |                                |
| <u>18,154.50</u>                                | <u>12,865.66</u>                       | <u>26,520.68</u>                       | <u>55,667.00</u>                       |  |                                |
| <u>(5,893.13)</u>                               | <u>(5,633.61)</u>                      | <u>(6,875.59)</u>                      | <u>68,017.58</u>                       | <u>94,298.25</u>                       | <u>75.51</u>                   |
|   |  |  |  |  | 13,836.13                      |
|   |  |  |  |  | <u>(35,924.13)</u>             |
|   |  |  |  |  | <u>(22,088.00)</u>             |
| (5,893.13)                                      | (5,633.61)                             | (6,875.59)                             | 68,017.58                              | 94,298.25                              | (22,012.49)                    |
| <u>27,457.36</u>                                | <u>27,854.22</u>                       | <u>102,344.72</u>                      | <u>49,319.81</u>                       |  | <u>22,088.00</u>               |
| \$ <u>21,564.23</u>                             | \$ <u>22,220.61</u>                    | \$ <u>95,469.13</u>                    | \$ <u>117,337.39</u>                   | \$ <u>94,298.25</u>                    | \$ <u>75.51</u>                |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - Concluded**  
**DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|   | 2003<br>EQUIPMENT<br>FINANCING | 1999<br>BUILDING<br>AUTHORITY<br>BONDS | 2001<br>BUILDING<br>AUTHORITY<br>BONDS | 2002<br>BUILDING<br>AUTHORITY<br>REFUNDING |
|---|--------------------------------|--|--|--|
| <b>REVENUES</b>   |                                |  |  |  |
| Taxes and special assessments   | \$ 8.07                        | \$ 374.30                              | \$ 255.50                              | \$ 209.57                                  |
| Interest earnings   |                                |  |  |  |
| Other revenues  |                                |  |  |  |
| <b>TOTAL REVENUES</b>   | <u>8.07</u>                    | <u>374.30</u>                          | <u>255.50</u>                          | <u>209.57</u>                              |
| <b>EXPENDITURES</b>   |                                |  |  |  |
| Debt Service  |                                |  |  |  |
| Principal retirement  | 68,328.89                      | 55,000.00                              | 90,000.00                              | 125,000.00                                 |
| Interest and fiscal charges   | 8,020.70                       | 32,790.75                              | 67,723.50                              | 39,681.00                                  |
| Other   |                                |  |  |  |
| <b>TOTAL EXPENDITURES</b>   | <u>76,349.59</u>               | <u>87,790.75</u>                       | <u>157,723.50</u>                      | <u>164,681.00</u>                          |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | <u>(76,341.52)</u>             | <u>(87,416.45)</u>                     | <u>(157,468.00)</u>                    | <u>(164,471.43)</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                                |  |  |  |
| Proceeds from bonds   |                                |  |  |  |
| Operating transfers in  | 81,131.05                      | 87,800.00                              | 157,740.00                             | 164,699.00                                 |
| Operating transfers out   |                                |  |  |  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>81,131.05</u>               | <u>87,800.00</u>                       | <u>157,740.00</u>                      | <u>164,699.00</u>                          |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | 4,789.53                       | 383.55                                 | 272.00                                 | 227.57                                     |
| <b>FUND BALANCE, JULY 1</b>   | <u></u>                        | <u>38,256.31</u>                       | <u>30,383.85</u>                       | <u>24,657.98</u>                           |
| <b>FUND BALANCE, JUNE 30</b>  | <u>\$ 4,789.53</u>             | <u>\$ 38,639.86</u>                    | <u>\$ 30,655.85</u>                    | <u>\$ 24,885.55</u>                        |

| 1990<br>MICHIGAN<br>TRANSPORTATION<br>BONDS | TOTAL<br>DEBT SERVICE<br>2004 | ELIMINATION<br>OF MAJOR<br>FUNDS | TOTAL<br>NON-MAJOR<br>DEBT SERVICE<br>2004 | TOTAL<br>DEBT SERVICE<br>2004 |
|---|-------------------------------|----------------------------------|--|-------------------------------|
| \$ 92.92                                    | \$ 466,584.21                 | \$ (261,397.94)                  | \$ 205,186.27                              | \$ 379,294.78                 |
|   | 89,739.95                     | (63,026.21)                      | 26,713.74                                  | 100,258.99                    |
|   | 2,514.54                      | (1,072.47)                       | 1,442.07                                   | 9,914.83                      |
| <u>92.92</u>                                | <u>558,838.70</u>             | <u>(325,496.62)</u>              | <u>233,342.08</u>                          | <u>489,468.60</u>             |
| 20,000.00                                   | 1,153,328.89                  | (220,000.00)                     | 933,328.89                                 | 2,883,758.96                  |
| 3,317.00                                    | 328,684.95                    | (54,639.00)                      | 274,045.95                                 | 428,106.66                    |
| <u>23,317.00</u>                            | <u>1,482,013.84</u>           | <u>(274,639.00)</u>              | <u>1,207,374.84</u>                        | <u>3,364,453.62</u>           |
| <u>(23,224.08)</u>                          | <u>(923,175.14)</u>           | <u>(50,857.62)</u>               | <u>(974,032.76)</u>                        | <u>(2,874,985.02)</u>         |
| 16,507.00                                   | 889,816.18                    |                                  | 889,816.18                                 | 1,285,000.00                  |
|   | (42,728.58)                   |                                  | (42,728.58)                                | 2,798,566.84                  |
| <u>16,507.00</u>                            | <u>847,087.60</u>             |                                  | <u>847,087.60</u>                          | <u>(1,377,072.14)</u>         |
|   |                               |                                  |  | 2,706,494.70                  |
| (6,717.08)                                  | (76,087.54)                   | (50,857.62)                      | (126,945.16)                               | (168,490.32)                  |
| 13,423.31                                   | 1,227,026.06                  | (363,259.59)                     | 863,766.47                                 | 1,395,516.68                  |
| \$ <u>6,706.23</u>                          | \$ <u>1,150,938.52</u>        | \$ <u>(414,117.21)</u>           | \$ <u>736,821.31</u>                       | \$ <u>1,227,026.36</u>        |

## CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

The City's Capital Projects Funds include the Land Acquisition, Infrastructure, 2002 Equipment Financing, 2003 Equipment Financing, 2002 General Obligation Construction, 2003 General Obligation Construction, 2002 Special Assessment Construction, and 2003 Special Assessment Construction.

**CITY OF LAPEER, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|   | LAND<br>ACQUISITION  | INFRA-<br>STRUCTURE  | 2002<br>EQUIPMENT<br>FINANCING | 2003<br>EQUIPMENT<br>FINANCING |
|---|----------------------|----------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                 |                      |                      |                                |                                |
| Cash  | \$ 126,715.75        | \$ 222,073.76        | \$ 3,427.39                    | \$                             |
| Investments                                   | 300,000.00           |                      |                                |                                |
| Accounts receivable                           |                      | 71,560.28            |                                |                                |
| Due from other funds                          |                      |                      |                                |                                |
| <b>TOTAL ASSETS</b>                           | <b>\$ 426,715.75</b> | <b>\$ 293,634.04</b> | <b>\$ 3,427.39</b>             | <b>\$</b>                      |
| <b>LIABILITIES AND<br/>FUND BALANCE</b>       |                      |                      |                                |                                |
| <b>LIABILITIES</b>                            |                      |                      |                                |                                |
| Accounts payable                              | \$                   | \$ 47,912.53         | \$ 3,000.00                    | \$                             |
| Due to other funds                            |                      | 2,543.27             |                                |                                |
| <b>TOTAL LIABILITIES</b>                      |                      | <b>50,455.80</b>     | <b>3,000.00</b>                |                                |
| <b>FUND BALANCE</b>                           |                      |                      |                                |                                |
| Unreserved and undesignated                   | 426,715.75           | 243,178.24           | 427.39                         |                                |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b> | <b>\$ 426,715.75</b> | <b>\$ 293,634.04</b> | <b>\$ 3,427.39</b>             | <b>\$</b>                      |

| 2002<br>GENERAL<br>OBLIGATION<br>CONSTRUCTION | 2003<br>GENERAL<br>OBLIGATION<br>CONSTRUCTION | 2002<br>SPECIAL<br>ASSESSMENT<br>CONSTRUCTION | 2003<br>SPECIAL<br>ASSESSMENT<br>CONSTRUCTION | TOTALS                                   |                            |
|---|---|---|---|--|----------------------------|
|   |   |   |   | 2004                                     | 2003                       |
| \$  | \$ 51,958.53                                  | \$  | \$ 47,245.72                                  | \$ 451,421.15<br>300,000.00<br>71,560.28 | \$ 1,269,198.56            |
|   |   |   |   |  | 1,232.28                   |
| \$  | \$ 51,958.53                                  | \$  | \$ 47,245.72                                  | \$ 822,981.43                            | \$ 1,270,430.84            |
| \$  | \$  | \$  | \$  | \$ 50,912.53<br>2,543.27                 | \$ 44,127.26<br>304,469.47 |
|   |   |   |   | 53,455.80                                | 348,596.73                 |
|   | 51,958.53                                     |   | 47,245.72                                     | 769,525.63                               | 921,834.11                 |
| \$  | \$ 51,958.53                                  | \$  | \$ 47,245.72                                  | \$ 822,981.43                            | \$ 1,270,430.84            |

**CITY OF LAPEER, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|  | LAND<br>ACQUISITION  | INFRA-<br>STRUCTURE  | 2002<br>EQUIPMENT<br>FINANCING | 2003<br>EQUIPMENT<br>FINANCING |
|--|----------------------|----------------------|--------------------------------|--------------------------------|
| REVENUES   |                      |                      |                                |                                |
| Interest   | \$ 3,340.05          | \$ 1,514.53          | \$ 37.75                       | \$ 623.20                      |
| Other  |                      | 250,102.97           |                                |                                |
| TOTAL REVENUES   | <u>3,340.05</u>      | <u>251,617.50</u>    | <u>37.75</u>                   | <u>623.20</u>                  |
| EXPENDITURES   |                      |                      |                                |                                |
| Construction   |                      | 132,377.21           |                                | 229,173.00                     |
| Capital outlay   | 8,868.24             | 20,799.36            |                                |                                |
| Other  |                      |                      |                                |                                |
| TOTAL EXPENDITURES   | <u>8,868.24</u>      | <u>153,176.57</u>    |                                | <u>229,173.00</u>              |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES                                     | <u>(5,528.19)</u>    | <u>98,440.93</u>     | <u>37.75</u>                   | <u>(228,549.80)</u>            |
| OTHER FINANCING SOURCES (USES)   |                      |                      |                                |                                |
| Bond proceeds  | 194,765.59           | 12,193.00            |                                |                                |
| Operating transfers in   | (216,476.00)         | (101,614.96)         |                                | (4,781.05)                     |
| Operating transfers out  |                      |                      |                                |                                |
| TOTAL OTHER FINANCING<br>SOURCES (USES)  | <u>(21,710.41)</u>   | <u>(89,421.96)</u>   |                                | <u>(4,781.05)</u>              |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER SOURCES OVER<br>EXPENDITURES AND OTHER USES | <u>(27,238.60)</u>   | <u>9,018.97</u>      | <u>37.75</u>                   | <u>(233,330.85)</u>            |
| FUND BALANCE, JULY 1   | <u>453,954.35</u>    | <u>234,159.27</u>    | <u>389.64</u>                  | <u>233,330.85</u>              |
| FUND BALANCE, JUNE 30  | <u>\$ 426,715.75</u> | <u>\$ 243,178.24</u> | <u>\$ 427.39</u>               | <u>\$</u>                      |

| 2002<br>GENERAL<br>OBLIGATION<br>CONSTRUCTION | 2003<br>GENERAL<br>OBLIGATION<br>CONSTRUCTION | 2002<br>SPECIAL<br>ASSESSMENT<br>CONSTRUCTION | 2003<br>SPECIAL<br>ASSESSMENT<br>CONSTRUCTION | TOTALS              |                       |
|---|---|---|---|---------------------|-----------------------|
|   |   |   |   | 2004                | 2003                  |
| \$ 115.40                                     | \$ 627.44                                     | \$ 24.37                                      | \$ 570.69                                     | \$ 6,853.43         | \$ 24,683.30          |
|   |   |   |   | 250,102.97          | 13,890.30             |
| <u>115.40</u>                                 | <u>627.44</u>                                 | <u>24.37</u>                                  | <u>570.69</u>                                 | <u>256,956.40</u>   | <u>38,573.60</u>      |
|   |   |   |   |                     | 59,807.92             |
|   |   |   |   | 361,550.21          | 598,092.35            |
|   | 4,851.25                                      |   | 4,478.93                                      | 38,997.78           | 24,499.09             |
|   | <u>4,851.25</u>                               |   | <u>4,478.93</u>                               | <u>400,547.99</u>   | <u>682,399.36</u>     |
| <u>115.40</u>                                 | <u>(4,223.81)</u>                             | <u>24.37</u>                                  | <u>(3,908.24)</u>                             | <u>(143,591.59)</u> | <u>(643,825.76)</u>   |
|   | 225,000.00                                    |   | 205,000.00                                    | 430,000.00          | 352,308.00            |
| (115.40)                                      | (168,817.66)                                  | (24.37)                                       | (153,846.04)                                  | 206,958.59          | 322,708.35            |
| <u>(115.40)</u>                               | <u>56,182.34</u>                              | <u>(24.37)</u>                                | <u>51,153.96</u>                              | <u>(645,675.48)</u> | <u>(1,113,574.18)</u> |
|   |   |   |   | (8,716.89)          | (438,557.83)          |
|   | 51,958.53                                     |   | 47,245.72                                     | (152,308.48)        | (1,082,383.59)        |
|   |   |   |   | 921,834.11          | 2,004,217.70          |
| \$ <u><u>51,958.53</u></u>                    | \$ <u><u>47,245.72</u></u>                    | \$ <u><u>769,525.63</u></u>                   | \$ <u><u>921,834.11</u></u>                   |                     |                       |



## INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in General, Special Revenue or Enterprise Funds.

The City's Motor Pool Fund, Information Technology Fund, and Telephone Communication Fund are operated as Internal Service Funds.

**CITY OF LAPEER, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|  | MOTOR<br>POOL        | INFORMATION<br>TECHN-<br>OLOGY | TELEPHONE<br>COMMUN-<br>ICATION | TOTALS<br>2004       | 2003                 |
|--|----------------------|--------------------------------|---------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                            |                      |                                |                                 |                      |                      |
| <b>CURRENT ASSETS</b>                    |                      |                                |                                 |                      |                      |
| Cash                                     | \$ 126,001.10        | \$                             | \$                              | \$ 126,001.10        | \$ 430,595.41        |
| Investments                              | 300,000.00           |                                |                                 | 300,000.00           |                      |
| Accounts receivable                      | 169.25               |                                |                                 | 169.25               |                      |
| Prepaid expenses                         | 12,039.70            | 124.25                         |                                 | 12,163.95            | 10,258.53            |
| Inventory                                | 23,669.85            |                                |                                 | 23,669.85            | 18,535.50            |
| <b>TOTAL CURRENT ASSETS</b>              | <b>461,879.90</b>    | <b>124.25</b>                  |                                 | <b>462,004.15</b>    | <b>459,389.44</b>    |
| <b>FIXED ASSETS</b>                      |                      |                                |                                 |                      |                      |
| Land and improvements                    | 97,169.95            |                                |                                 | 97,169.95            | 97,169.95            |
| Vehicles and equipment                   | 1,467,936.26         |                                |                                 | 1,467,936.26         | 1,480,768.27         |
| Accumulated depreciation                 | (1,157,385.94)       |                                |                                 | (1,157,385.94)       | (1,120,624.99)       |
| <b>NET FIXED ASSETS</b>                  | <b>407,720.27</b>    |                                |                                 | <b>407,720.27</b>    | <b>457,313.23</b>    |
| <b>TOTAL ASSETS</b>                      | <b>\$ 869,600.17</b> | <b>\$ 124.25</b>               | <b>\$</b>                       | <b>\$ 869,724.42</b> | <b>\$ 916,702.67</b> |
| <b>LIABILITIES AND FUND EQUITY</b>       |                      |                                |                                 |                      |                      |
| <b>CURRENT LIABILITIES</b>               |                      |                                |                                 |                      |                      |
| Accounts payable                         | \$ 15,755.88         | \$ 3,400.00                    | \$ 58.59                        | \$ 19,214.47         | \$ 21,219.65         |
| Due to other funds                       |                      | 7,676.74                       | 294.34                          | 7,971.08             |                      |
| Accrued expenses                         | 5,203.14             |                                |                                 | 5,203.14             | 4,150.86             |
| Notes payable                            | 25,519.00            | 31,517.00                      |                                 | 57,036.00            | 12,500.51            |
| <b>TOTAL CURRENT LIABILITIES</b>         | <b>46,478.02</b>     | <b>42,593.74</b>               | <b>352.93</b>                   | <b>89,424.69</b>     | <b>37,871.02</b>     |
| <b>LONG-TERM LIABILITIES</b>             |                      |                                |                                 |                      |                      |
| Notes payable                            | 102,780.49           | 50,840.82                      |                                 | 153,621.31           | 103,299.49           |
| <b>TOTAL LIABILITIES</b>                 | <b>149,258.51</b>    | <b>93,434.56</b>               | <b>352.93</b>                   | <b>243,046.00</b>    | <b>141,170.51</b>    |
| <b>FUND EQUITY</b>                       |                      |                                |                                 |                      |                      |
| Contributed capital - local              | 164,690.00           |                                |                                 | 164,690.00           | 164,690.00           |
| <b>RETAINED EARNINGS</b>                 |                      |                                |                                 |                      |                      |
| Retained earnings                        | 531,981.81           | (93,310.31)                    | (352.93)                        | 438,318.57           | 592,306.66           |
| Reserve for inventory                    | 23,669.85            |                                |                                 | 23,669.85            | 18,535.50            |
| <b>TOTAL RETAINED EARNINGS</b>           | <b>555,651.66</b>    | <b>(93,310.31)</b>             | <b>(352.93)</b>                 | <b>461,988.42</b>    | <b>610,842.16</b>    |
| <b>TOTAL FUND EQUITY</b>                 | <b>720,341.66</b>    | <b>(93,310.31)</b>             | <b>(352.93)</b>                 | <b>626,678.42</b>    | <b>775,532.16</b>    |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <b>\$ 869,600.17</b> | <b>\$ 124.25</b>               | <b>\$</b>                       | <b>\$ 869,724.42</b> | <b>\$ 916,702.67</b> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|                                       | MOTOR<br>POOL        | INFORMATION<br>TECHN-<br>OLOGY | TELEPHONE<br>COMMUN-<br>ICATION | TOTALS<br>2004       | TOTALS<br>2003       |
|---------------------------------------|----------------------|--------------------------------|---------------------------------|----------------------|----------------------|
| <b>OPERATING REVENUES</b>             |                      |                                |                                 |                      |                      |
| Equipment rentals                     | \$ 430,110.68        | \$ 114,789.92                  | \$ 35,890.60                    | \$ 580,791.20        | \$ 512,242.82        |
| <b>OPERATING EXPENSES</b>             |                      |                                |                                 |                      |                      |
| Salaries and wages                    | 107,339.95           |                                |                                 | 107,339.95           | 82,799.65            |
| Fringe benefits                       | 41,945.55            |                                |                                 | 41,945.55            | 37,839.86            |
| Office supplies                       | 1,034.89             |                                |                                 | 1,034.89             | 982.07               |
| Operating supplies                    | 120,680.72           |                                |                                 | 120,680.72           | 130,834.86           |
| Repair and maintenance                | 3,649.67             | 97,225.20                      | 1,545.00                        | 102,419.87           | 8,524.38             |
| Professional and contractual services | 17,212.74            |                                |                                 | 17,212.74            | 16,691.71            |
| Insurance                             | 36,684.69            | 372.75                         |                                 | 37,057.44            | 31,630.00            |
| Rental                                | 690.81               |                                |                                 | 690.81               |                      |
| Miscellaneous                         | 719.79               | 1,026.30                       |                                 | 1,746.09             | 698.89               |
| Depreciation                          | 101,395.68           |                                |                                 | 101,395.68           | 116,369.83           |
| Capital outlay                        | 5,953.55             | 41,604.54                      | 2,710.00                        | 50,268.09            | 4,099.00             |
| Utilities                             | 11,619.11            |                                | 31,990.53                       | 43,609.64            | 12,345.15            |
| <b>TOTAL OPERATING EXPENSES</b>       | <b>448,927.15</b>    | <b>140,228.79</b>              | <b>36,245.53</b>                | <b>625,401.47</b>    | <b>442,815.40</b>    |
| <b>OPERATING INCOME (LOSS)</b>        | <b>(18,816.47)</b>   | <b>(25,438.87)</b>             | <b>(354.93)</b>                 | <b>(44,610.27)</b>   | <b>69,427.42</b>     |
| <b>NONOPERATING REVENUES</b>          |                      |                                |                                 |                      |                      |
| Interest income                       | 3,858.88             | 5.27                           | 2.00                            | 3,866.15             | 4,838.82             |
| Interest expense                      | (4,805.70)           | (2,933.71)                     |                                 | (7,739.41)           |                      |
| Gain (loss) on sale of fixed assets   | (73.27)              | 2,365.00                       |                                 | 2,291.73             |                      |
| <b>TOTAL NONOPERATING REVENUES</b>    | <b>(1,020.09)</b>    | <b>(563.44)</b>                | <b>2.00</b>                     | <b>(1,581.53)</b>    | <b>4,838.82</b>      |
| <b>OPERATING TRANSFERS</b>            |                      |                                |                                 |                      |                      |
| Operating transfers out               | (35,353.94)          |                                |                                 | (35,353.94)          | (42,517.00)          |
| <b>NET INCOME (LOSS)</b>              | <b>(55,190.50)</b>   | <b>(26,002.31)</b>             | <b>(352.93)</b>                 | <b>(81,545.74)</b>   | <b>31,749.24</b>     |
| <b>PRIOR PERIOD ADJUSTMENT</b>        |                      | <b>(67,308.00)</b>             |                                 | <b>(67,308.00)</b>   |                      |
| <b>RETAINED EARNINGS, JULY 1</b>      | <b>610,842.16</b>    |                                |                                 | <b>610,842.16</b>    | <b>579,092.92</b>    |
| <b>RETAINED EARNINGS, JUNE 30</b>     | <b>\$ 555,651.66</b> | <b>\$ (93,310.31)</b>          | <b>\$ (352.93)</b>              | <b>\$ 461,988.42</b> | <b>\$ 610,842.16</b> |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

|  | MOTOR<br>POOL        | INFORMATION<br>TECH-<br>NOLOGY | TELEPHONE<br>COMMUN-<br>ICATION | TOTALS<br>2004       | 2003                 |
|--|----------------------|--------------------------------|---------------------------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>  |                      |                                |                                 |                      |                      |
| Operating income (loss)  | \$ (18,816.47)       | \$ (25,438.87)                 | \$ (354.93)                     | \$ (44,610.27)       | \$ 69,427.42         |
| Adjustments to reconcile<br>operating income to net cash<br>provided by operating activities |                      |                                |                                 |                      |                      |
| Depreciation   | 101,395.68           |                                |                                 | 101,395.68           | 116,369.83           |
| Loss on sale of fixed assets   | 73.27                |                                |                                 | 73.27                |                      |
| (Increase) decrease in assets  |                      |                                |                                 |                      |                      |
| Inventory  | (5,134.35)           |                                |                                 | (5,134.35)           | (394.50)             |
| Prepaid expenses   | (1,781.17)           | (124.25)                       |                                 | (1,905.42)           | (905.29)             |
| Accounts receivable  | (169.25)             |                                |                                 | (169.25)             |                      |
| Due from other funds   |                      |                                |                                 |                      | 98.28                |
| Increase (decrease) in liabilities   |                      |                                |                                 |                      |                      |
| Accounts payable   | (5,463.77)           | 3,400.00                       | 58.59                           | (2,005.18)           | (820.69)             |
| Interfund borrowing  |                      | 7,676.74                       | 294.34                          | 7,971.08             |                      |
| Accrued expenses   | 1,052.28             |                                |                                 | 1,052.28             | 1,354.90             |
| <b>NET CASH PROVIDED BY<br/>(USED IN) OPERATING<br/>ACTIVITIES</b>                           | <u>71,156.22</u>     | <u>(14,486.38)</u>             | <u>(2.00)</u>                   | <u>56,667.84</u>     | <u>185,129.95</u>    |
| <b>NON-CAPITAL FINANCING<br/>ACTIVITIES</b>  |                      |                                |                                 |                      |                      |
| Operating transfers out  | (35,353.94)          |                                |                                 | (35,353.94)          | (42,517.00)          |
| <b>CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>  |                      |                                |                                 |                      |                      |
| Purchase of fixed assets   | (58,743.32)          |                                |                                 | (58,743.32)          | (155,404.00)         |
| Principal payments   | 7,693.79             | 79,424.11                      |                                 | 87,117.90            | 115,800.00           |
| Proceeds from sale of capital assets   | 6,794.06             | 2,365.00                       |                                 | 9,159.06             |                      |
| <b>NET CASH PROVIDED BY (USED<br/>IN) CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>       | <u>(44,255.47)</u>   | <u>81,789.11</u>               | <u></u>                         | <u>37,533.64</u>     | <u>(39,604.00)</u>   |
| <b>INVESTING ACTIVITIES</b>  |                      |                                |                                 |                      |                      |
| Increase in investments  | (300,000.00)         |                                |                                 | (300,000.00)         |                      |
| Interest received  | 3,858.88             | 5.27                           | 2.00                            | 3,866.15             | 4,838.82             |
| <b>NET CASH PROVIDED BY (USED<br/>IN) INVESTING ACTIVITIES</b>                               | <u>(296,141.12)</u>  | <u>5.27</u>                    | <u>2.00</u>                     | <u>(296,133.85)</u>  | <u>4,838.82</u>      |
| <b>NET (INCREASE) DECREASE IN<br/>CASH AND CASH EQUIVALENTS</b>                              | <u>(304,594.31)</u>  | <u>67,308.00</u>               | <u></u>                         | <u>(237,286.31)</u>  | <u>107,847.77</u>    |
| <b>PRIOR PERIOD ADJUSTMENT</b>   |                      | <u>(67,308.00)</u>             |                                 | <u>(67,308.00)</u>   |                      |
| <b>CASH AND CASH EQUIVALENTS,<br/>JULY 1</b>   | <u>430,595.41</u>    |                                |                                 | <u>430,595.41</u>    | <u>322,747.64</u>    |
| <b>CASH AND CASH EQUIVALENTS,<br/>JUNE 30</b>  | <u>\$ 126,001.10</u> | <u>\$</u>                      | <u>\$</u>                       | <u>\$ 126,001.10</u> | <u>\$ 430,595.41</u> |

**CITY OF LAPEER, MICHIGAN**  
**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER**  
**STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|                                    |    | CASH               | INVESTMENT | STATEMENT<br>OF CASH<br>FLOWS TOTAL |
|------------------------------------|----|--------------------|------------|-------------------------------------|
| CASH AND CASH EQUIVALENTS, JULY 1  | \$ | 430,595.41         | \$         | \$ 430,595.41                       |
| NET DECREASE                       |    | <u>(15,551.08)</u> | <u></u>    | <u>(15,551.08)</u>                  |
| CASH AND CASH EQUIVALENTS, JUNE 30 | \$ | <u>415,044.33</u>  | \$ <u></u> | \$ <u>415,044.33</u>                |

## PERMANENT FUND

The permanent fund exists to account for resources legally held in trust to be used for cemetery perpetual care.

CITY OF LAPEER, MICHIGAN  
BALANCE SHEET  
PERMANENT FUND  
JUNE 30, 2004  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2003

|                                      |                      | MT. HOPE<br>CEMETERY<br>PERPETUAL<br>CARE |
|--------------------------------------|----------------------|---|
|                                      | 2004                 | 2003                                      |
| ASSETS                               |                      |   |
| Cash                                 | \$ 150,392.26        | \$ 149,892.26                             |
| Accounts receivable                  | <u>180.00</u>        | <u>455.00</u>                             |
| TOTAL ASSETS                         | <u>\$ 150,572.26</u> | <u>\$ 150,347.26</u>                      |
| FUND BALANCE                         |                      |   |
| Reserved for cemetery perpetual care | \$ 150,231.27        | \$ 150,006.27                             |
| Unreserved                           | <u>340.99</u>        | <u>340.99</u>                             |
| TOTAL FUND BALANCE                   | <u>\$ 150,572.26</u> | <u>\$ 150,347.26</u>                      |

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**PERMANENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003**

**MT. HOPE CEMETERY  
PERPETUAL CARE**

|  | 2004                        | 2003                        |
|--|-----------------------------|-----------------------------|
| <b>REVENUES</b>  |                             |                             |
| Donations and rights   | \$ 500.00                   | \$ 1,285.00                 |
| Interest and rent  | <u>1,451.13</u>             | <u>2,068.47</u>             |
| <b>TOTAL REVENUES</b>  | <u>1,951.13</u>             | <u>3,353.47</u>             |
| <b>EXPENDITURES</b>  |                             |                             |
| Other  | <u>275.00</u>               | <u></u>                     |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b>                              | 1,676.13                    |                             |
| <b>OTHER FINANCING USES</b>  |                             |                             |
| Operating transfers out  | <u>(1,451.13)</u>           | <u>(2,068.47)</u>           |
| <b>EXCESS OF REVENUES AND OTHER<br/>FINANCING USES OVER EXPENDITURES</b> | 225.00                      | 1,285.00                    |
| <b>FUND BALANCE, JULY 1</b>  | <u>150,347.26</u>           | <u>149,062.26</u>           |
| <b>FUND BALANCE, JUNE 30</b>   | <u><u>\$ 150,572.26</u></u> | <u><u>\$ 150,347.26</u></u> |



## GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled "General Long-Term Debt Account Group."

**CITY OF LAPEER, MICHIGAN**  
**STATEMENT OF GENERAL LONG-TERM DEBT**  
**GENERAL LONG-TERM DEBT ACCOUNT GROUP**  
**JUNE 30, 2004**

**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR  
PAYMENT OF LONG-TERM DEBT**

|   |                               |
|---|-------------------------------|
| Amount available in Debt Service Funds              | \$ 1,150,938.52               |
| Amount to be provided for payment of long-term debt | <u>6,628,903.58</u>           |
| <b>TOTAL</b>  | <b>\$ <u>7,779,842.10</u></b> |

**GENERAL LONG-TERM DEBT PAYABLE**

|   |                               |
|---|-------------------------------|
| 2001 Special Assessment Bonds             | \$ 150,000.00                 |
| 1997 General Obligation Tax Bond          | 150,000.00                    |
| 1997 Special Assessment Bonds             | 165,000.00                    |
| 1998 Special Assessment Bonds             | 810,000.00                    |
| Accumulated Compensated Absences          | 556,137.08                    |
| Fire Truck Attachment Loan                | 216,671.11                    |
| 2001 General Obligation Bonds             | 235,000.00                    |
| 1996 Special Assessment Bonds             | 25,000.00                     |
| 1996 General Obligation Limited Tax Bonds | 30,000.00                     |
| 1990 Michigan Transportation Fund Bonds   | 20,000.00                     |
| 2002 General Obligation Bonds             | 347,033.91                    |
| 2002 Special Assessment Bonds             | 335,000.00                    |
| 2002 Building Authority Refunding         | 1,160,000.00                  |
| 1995 General Obligation Bonds             | 15,000.00                     |
| 1995 Special Assessment Bonds             | 100,000.00                    |
| 1998 General Obligation Bonds             | 455,000.00                    |
| 1998 Series B General Obligation Bonds    | 80,000.00                     |
| 1998 Series B Special Assessment Bonds    | 55,000.00                     |
| 1999 Building Authority Bonds             | 755,000.00                    |
| 2000 General Obligation Tax Bonds         | 200,000.00                    |
| 2000 Special Assessment Bonds             | 50,000.00                     |
| 2001 Building Authority Bonds             | 1,440,000.00                  |
| 2003 Special Assessment Bonds             | 205,000.00                    |
| 2003 General Obligation Bonds             | <u>225,000.00</u>             |
| <b>TOTAL</b>                              | <b>\$ <u>7,779,842.10</u></b> |

CAPITAL ASSETS

**CITY OF LAPEER, MICHIGAN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE AS OF JUNE 30, 2004 WITH COMPARATIVE TOTALS FOR JUNE 30, 2003**

|                                   | JUNE 30,<br>2004        | JUNE 30,<br>2003        |
|-----------------------------------|-------------------------|-------------------------|
| General fixed assets              |                         |                         |
| Land                              | \$ 9,590,030.21         | \$ 9,575,030.21         |
| Construction in progress          | 1,155,791.88            |                         |
| Buildings                         | 4,899,415.67            | 4,845,056.67            |
| Improvements other than buildings | 3,299,969.08            | 3,126,498.33            |
| Machinery and equipment           | 3,025,399.07            | 2,753,143.13            |
| Infrastructure                    | <u>807,179.51</u>       | <u>1,081,118.18</u>     |
| TOTAL                             | <u>\$ 22,777,785.42</u> | <u>\$ 21,380,846.52</u> |

**CITY OF LAPEER, MICHIGAN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|                                     | GENERAL<br>FIXED<br>ASSETS<br>JULY 1, 2003 | ADDITIONS              | DELETIONS            | GENERAL<br>FIXED<br>ASSETS<br>JUNE 30, 2004 |
|-------------------------------------|--|------------------------|----------------------|---|
| <b>General Government</b>           |  |                        |                      |   |
| City Hall                           | \$ 1,072,412.56                            | \$                     | \$                   | \$ 1,072,412.56                             |
| Accounting                          | 99,583.53                                  |                        | 2,363.00             | 97,220.53                                   |
| Assessor                            | 14,852.10                                  |                        |                      | 14,852.10                                   |
| Cable advisory                      | 4,992.63                                   |                        |                      | 4,992.63                                    |
| City Clerk                          | 3,232.50                                   |                        |                      | 3,232.50                                    |
| City Commission                     | 786,884.14                                 |                        |                      | 786,884.14                                  |
| City Manager                        | 18,014.45                                  | 14,602.50              |                      | 32,616.95                                   |
| Elections                           | 29,588.81                                  |                        |                      | 29,588.81                                   |
| Geographic information systems      | 23,984.15                                  |                        |                      | 23,984.15                                   |
| Income tax                          | 3,444.54                                   |                        |                      | 3,444.54                                    |
| Information technology              | 449,296.08                                 |                        | 10,838.00            | 438,458.08                                  |
| MESC building                       | 124,040.00                                 |                        |                      | 124,040.00                                  |
| Planning                            | 3,609,130.58                               |                        |                      | 3,609,130.58                                |
| Trailer park                        | 145,810.42                                 |                        |                      | 145,810.42                                  |
| Train depot                         | 198,080.98                                 |                        |                      | 198,080.98                                  |
| Cemetery                            | 216,483.64                                 | 5,500.00               |                      | 221,983.64                                  |
| <b>Total General Government</b>     | <u>6,799,831.11</u>                        | <u>20,102.50</u>       | <u>13,201.00</u>     | <u>6,806,732.61</u>                         |
| <b>Public Safety</b>                |  |                        |                      |   |
| Police                              | 1,588,811.93                               |                        |                      | 1,588,811.93                                |
| Fire                                | 2,532,700.87                               | 253,267.45             |                      | 2,785,968.32                                |
| Parking                             | 769,219.82                                 |                        |                      | 769,219.82                                  |
| Housing rehabilitation              | 1,476,405.29                               |                        |                      | 1,476,405.29                                |
| <b>Total Public Safety</b>          | <u>6,367,137.91</u>                        | <u>253,267.45</u>      |                      | <u>6,620,405.36</u>                         |
| <b>Parks and Recreation</b>         |  |                        |                      |   |
| Parks                               | 1,510,644.82                               | 238,863.56             | 3,491.00             | 1,746,017.38                                |
| Community center                    | 622,414.94                                 | 7,500.00               |                      | 629,914.94                                  |
| <b>Total Parks and Recreation</b>   | <u>2,133,059.76</u>                        | <u>246,363.56</u>      | <u>3,491.00</u>      | <u>2,375,932.32</u>                         |
| <b>Public Works</b>                 | <u>6,080,817.74</u>                        | <u>1,167,836.07</u>    | <u>273,938.68</u>    | <u>6,974,715.13</u>                         |
| <b>Total General Fixed Assets</b>   | <u>\$ 21,380,846.52</u>                    | <u>\$ 1,687,569.58</u> | <u>\$ 290,630.68</u> | <u>\$ 22,777,785.42</u>                     |
| <b>Component Units</b>              |  |                        |                      |   |
| Tax Increment Financing Authority   | \$ 6,657,450.46                            | \$                     | \$                   | \$ 6,657,450.46                             |
| Local Development Finance Authority | 206,773.89                                 |                        |                      | 206,773.89                                  |
| Downtown Development Authority      | 277,690.29                                 |                        |                      | 277,690.29                                  |
| <b>Total Component Units</b>        | <u>\$ 7,141,914.64</u>                     | <u>\$</u>              | <u>\$</u>            | <u>\$ 7,141,914.64</u>                      |

**CITY OF LAPEER, MICHIGAN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2004**

|                                     | LAND                   | BUILDINGS              | IMPROVEMENTS<br>OTHER THAN<br>BUILDINGS |
|-------------------------------------|------------------------|------------------------|---|
| General Government                  |                        |                        |   |
| City Hall                           | \$ 1,200.00            | \$ 889,011.17          | \$ 35,233.72                            |
| Accounting                          |                        |                        |   |
| Assessor                            |                        |                        |   |
| Cable advisory                      |                        |                        |   |
| City Clerk                          |                        |                        |   |
| City Commission                     |                        | 776,779.14             | 5,700.00                                |
| City Manager                        |                        |                        |   |
| Elections                           |                        |                        |   |
| Geographic information systems      |                        |                        |   |
| Income tax                          |                        |                        |   |
| Information technology              |                        |                        |   |
| MESC building                       | 124,040.00             |                        |   |
| Planning                            | 3,574,978.59           |                        | 32,624.99                               |
| Trailer park                        |                        |                        | 145,810.42                              |
| Train depot                         | 42,857.13              | 33,561.07              | 113,872.78                              |
| Cemetery                            | 105,468.75             | 20,490.46              | 14,046.51                               |
| Total General Government            | <u>3,848,544.47</u>    | <u>1,719,841.84</u>    | <u>347,288.42</u>                       |
| Public Safety                       |                        |                        |   |
| Police                              | 448,263.00             | 1,010,929.18           |   |
| Fire                                | 448,263.00             | 1,010,929.21           |   |
| Parking                             | 768,039.00             | 1,180.82               |   |
| Housing rehabilitation              | 1,473,486.00           |                        |   |
| Total Public Safety                 | <u>3,138,051.00</u>    | <u>2,023,039.21</u>    |   |
| Parks and Recreation                |                        |                        |   |
| Parks                               | 718,611.91             | 135,897.27             | 699,399.34                              |
| Community center                    | 208,262.25             | 14,743.00              | 19,970.00                               |
| Total Parks and Recreation          | <u>926,874.16</u>      | <u>150,640.27</u>      | <u>719,369.34</u>                       |
| Public Works                        | <u>1,676,560.58</u>    | <u>1,005,894.35</u>    | <u>2,233,311.32</u>                     |
| Total General Fixed Assets          | \$ <u>9,590,030.21</u> | \$ <u>4,899,415.67</u> | \$ <u>3,299,969.08</u>                  |
| Component Units                     |                        |                        |   |
| Tax Increment Financing Authority   | \$ 14,400.00           | \$ 6,642,350.46        | \$                                      |
| Local Development Finance Authority | 206,773.89             |                        |   |
| Downtown Development Authority      | 154,000.00             | 118,414.00             |   |
| Total Component Units               | \$ <u>375,173.89</u>   | \$ <u>6,760,764.46</u> | \$                                      |

| MACHINERY<br>AND<br>EQUIPMENT | CONSTRUCTION<br>IN PROGRESS | INFRASTRUCTURE       | TOTAL                   |
|-------------------------------|-----------------------------|----------------------|-------------------------|
| \$ 146,967.67                 | \$                          | \$                   | \$ 1,072,412.56         |
| 97,220.53                     |                             |                      | 97,220.53               |
| 14,852.10                     |                             |                      | 14,852.10               |
| 4,992.63                      |                             |                      | 4,992.63                |
| 3,232.50                      |                             |                      | 3,232.50                |
| 4,405.00                      |                             |                      | 786,884.14              |
| 32,616.95                     |                             |                      | 32,616.95               |
| 29,588.81                     |                             |                      | 29,588.81               |
| 23,984.15                     |                             |                      | 23,984.15               |
| 3,444.54                      |                             |                      | 3,444.54                |
| 438,458.08                    |                             |                      | 438,458.08              |
|                               |                             |                      | 124,040.00              |
| 1,527.00                      |                             |                      | 3,609,130.58            |
|                               |                             |                      | 145,810.42              |
| 7,790.00                      |                             |                      | 198,080.98              |
| 81,977.92                     |                             |                      | 221,983.64              |
| <u>891,057.88</u>             |                             |                      | <u>6,806,732.61</u>     |
|                               |                             |                      |                         |
| 129,619.75                    |                             |                      | 1,588,811.93            |
| 1,326,776.11                  |                             |                      | 2,785,968.32            |
|                               |                             |                      | 769,219.82              |
| 2,919.29                      |                             |                      | 1,476,405.29            |
| <u>1,459,315.15</u>           |                             |                      | <u>6,620,405.36</u>     |
|                               |                             |                      |                         |
| 172,353.08                    | 19,755.81                   |                      | 1,746,017.41            |
| 386,939.69                    |                             |                      | 629,914.94              |
| <u>559,292.77</u>             | <u>19,755.81</u>            |                      | <u>2,375,932.35</u>     |
| <u>115,733.27</u>             | <u>1,136,036.07</u>         | <u>807,179.51</u>    | <u>6,974,715.10</u>     |
| \$ <u>3,025,399.07</u>        | \$ <u>1,155,791.88</u>      | \$ <u>807,179.51</u> | \$ <u>22,777,785.42</u> |
|                               |                             |                      |                         |
| \$ 700.00                     | \$                          | \$                   | \$ 6,657,450.46         |
|                               |                             |                      | 206,773.89              |
| 5,276.29                      |                             |                      | 277,690.29              |
| <u>\$ 5,976.29</u>            | <u>\$</u>                   | <u>\$</u>            | <u>\$ 7,141,914.64</u>  |



# Layton & Richardson, P.C.

Certified Public Accountants

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Honorable Mayor and City Commission  
City of Lapeer  
Lapeer, Michigan

We have audited the general purpose financial statements of the CITY OF LAPEER, MICHIGAN, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 18, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As a part of obtaining reasonable assurance about whether the City of Lapeer's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Lapeer's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Layton & Richardson, P.C.*  
Certified Public Accountants

East Lansing, Michigan  
October 18, 2004





# Layton & Richardson, P.C.

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## LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Mayor and City Commission  
City of Lapeer  
Lapeer, Michigan

We have examined the financial statements of the CITY OF LAPEER, MICHIGAN for the year ended June 30, 2004, and have issued our report thereon dated October 18, 2004. As part of our audit, we made a study and evaluation of the City's system of internal accounting controls to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole.

The management of the City of Lapeer, Michigan is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system. However, our examination did disclose the following conditions that we believe result in a risk that errors or irregularities in amounts that would be material in relation to the financial statements of the City of Lapeer may occur and not be detected within a timely period.

### PRIOR YEAR RECOMMENDATIONS

#### UTILITY BILLS

The City does not reconcile the utility bills on a monthly basis. We recommend that the City reconcile the utility bills to the general ledger and make sure all manual adjustments are made each month to ensure that the account is in balance. **This has been implemented.**

#### FIXED ASSET RECORDS

Complete and detailed records of property and equipment owned by the City are considered to be essential documentation providing control over substantial amounts of assets. These records should be a part of the City's general ledger system and updated throughout the year as fixed assets are purchased and disposed of. **This has been implemented.**

**PRIOR YEAR RECOMMENDATIONS - Concluded**

**FIXED ASSET RECORDS - Concluded**

The City's control over fixed assets has improved but fixed assets additions and deletions of the proprietary fund type fixed assets are still recorded as part of the year end audit. We recommend that additions and deletions of fixed assets be recorded when they occur. **This has not been implemented.**

**CURRENT YEAR RECOMMENDATIONS**

**PAYROLL**

We noted that several W-4's were outdated. We recommend that W-4's be updated every three years or whenever an employee wishes to change their exemptions. This will ensure that proper amounts are being withheld.

We noted that there is no review of the payroll before checks are printed. We recommend that someone review the payroll to ensure the accuracy of each check.

**CREDIT CARDS**

We noted that there are an extremely high number of credit cards being issued to employees. We recommend that only the department head and one or two key employees in that department have a credit card. This will make for an easier review of credit card expenses and reduce the chance of credit card misuse.

Very truly yours,

*Layton & Richardson, P.C.*

*Certified Public Accountants*

East Lansing, Michigan  
October 18, 2004

STATISTICAL SECTION

**CITY OF LAPEER, MICHIGAN**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

| FISCAL<br>YEAR | GENERAL<br>GOVERNMENT | PUBLIC<br>SAFETY | PUBLIC<br>WORKS | COMMUNITY<br>DEVELOPMENT<br>AND<br>ENRICHMENT | HIGHWAYS<br>AND<br>STREETS | CULTURE<br>AND<br>RECREATION |
|----------------|-----------------------|------------------|-----------------|---|----------------------------|------------------------------|
| 1995           | \$ 924.00             | \$ 1,130.00      | \$ 2,597.00     | \$ 1,365.00                                   | \$ 1,151.00                | \$ 488.00                    |
| 1996           | 925.00                | 1,251.00         | 630.00          | 1,622.00                                      | 1,298.00                   | 1,276.00                     |
| 1997           | 984.00                | 1,332.00         | 614.00          | 2,573.00                                      | 1,197.00                   | 1,065.00                     |
| 1998           | 1,030.00              | 1,509.00         | 662.00          | 2,250.00                                      | 2,392.00                   | 1,081.00                     |
| 1999           | 1,154.00              | 1,558.00         | 609.00          | 881.00  | 3,515.00                   | 1,218.00                     |
| 2000           | 1,183.00              | 1,707.00         | 640.00          | 1,906.00                                      | 1,153.00                   | 1,284.00                     |
| 2001           | 1,225.00              | 1,803.00         | 694.00          | 1,726.00                                      | 1,492.00                   | 1,348.00                     |
| 2002           | 1,249.00              | 1,938.00         | 722.00          | 1,714.00                                      | 1,588.00                   | 1,506.00                     |
| 2003           | 1,387.00              | 2,229.00         | 788.00          | 1,062.00                                      | 1,961.00                   | 1,562.00                     |
| 2004           | 1,321.00              | 2,225.00         | 735.00          | 767.00  | 2,072.00                   | 1,796.00                     |

|    | CAPITAL<br>OUTLAY |    | OTHER  | INTEREST ON<br>LONG-TERM<br>DEBT |        | WATER |          | SEWER |          | PARKING |       | TOTAL |           |
|----|-------------------|----|--------|----------------------------------|--------|-------|----------|-------|----------|---------|-------|-------|-----------|
| \$ | 216.00            | \$ | 257.00 | \$                               | 463.00 | \$    | 1,002.00 | \$    | 1,199.00 | \$      | 43.00 | \$    | 10,835.00 |
|    | 104.00            |    | 459.00 |                                  | 473.00 |       | 1,147.00 |       | 1,201.00 |         | 43.00 |       | 10,429.00 |
|    | 397.00            |    | 428.00 |                                  | 430.00 |       | 1,093.00 |       | 1,403.00 |         | 45.00 |       | 11,561.00 |
|    | 218.00            |    | 521.00 |                                  | 372.00 |       | 1,482.00 |       | 1,322.00 |         | 49.00 |       | 12,888.00 |
|    | 574.00            |    | 491.00 |                                  | 491.00 |       | 1,479.00 |       | 1,429.00 |         | 69.00 |       | 13,468.00 |
|    | 1,714.00          |    | 532.00 |                                  | 499.00 |       | 1,381.00 |       | 1,428.00 |         | 56.00 |       | 13,483.00 |
|    | 1,031.00          |    | 637.00 |                                  | 430.00 |       | 1,531.00 |       | 1,587.00 |         | 57.00 |       | 13,561.00 |
|    | 1,466.00          |    | 664.00 |                                  | 448.00 |       | 1,604.00 |       | 1,563.00 |         | 51.00 |       | 14,513.00 |
|    | 682.00            |    | 264.00 |                                  | 428.00 |       | 1,827.00 |       | 1,767.00 |         | 64.00 |       | 14,021.00 |
|    | 401.00            |    | 183.00 |                                  | 329.00 |       | 1,833.00 |       | 1,735.00 |         | 70.00 |       | 13,467.00 |

**CITY OF LAPEER, MICHIGAN**  
**GOVERNMENT-WIDE REVENUES**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | PROGRAM REVENUES           |   |  |
|----------------|----------------------------|---|--|
|                | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS<br>AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS |
| 1995           | \$ 2,813,690.97            | \$ 433,622.00                               | \$ 171,421.00                          |
| 1996           | 3,792,460.92               | 469,734.00                                  | 737,495.00                             |
| 1997           | 4,004,935.32               | 506,840.00                                  | 665,215.00                             |
| 1998           | 4,210,461.96               | 573,837.00                                  | 146,748.00                             |
| 1999           | 4,767,966.64               | 621,128.00                                  | 184,807.00                             |
| 2000           | 4,876,845.24               | 627,525.00                                  | 383,609.00                             |
| 2001           | 4,440,596.23               | 699,641.00                                  | 262,836.00                             |
| 2002           | 4,840,353.80               | 719,076.00                                  | 407,454.00                             |
| 2003           | 5,997,683.30               | 1,536,325.59                                |  |
| 2004           | 7,220,909.53               | 1,103,848.86                                |  |

GENERAL REVENUES

|    | TAXES        | GRANTS AND<br>CONTRIBUTIONS<br>NOT RESTRICTED<br>TO SPECIFIC<br>PROGRAMS | UNRESTRICTED<br>INVESTMENT<br>EARNINGS | MISCELLANEOUS | TOTAL           |
|----|--------------|--|--|---------------|-----------------|
| \$ | 2,950,808.72 | \$ 689,948.00  | \$ 344,980.89                          | \$ 133,927.48 | \$ 7,538,399.06 |
|    | 3,138,335.40 | 719,083.00   | 385,165.63                             | 898,836.31    | 10,141,110.26   |
|    | 3,247,303.92 | 751,322.00   | 500,821.24                             | 543,523.10    | 10,219,960.58   |
|    | 3,402,036.98 | 774,374.00   | 614,451.11                             | 217,325.55    | 9,939,234.60    |
|    | 3,662,336.26 | 816,444.00   | 587,424.86                             | 520,261.49    | 11,160,368.25   |
|    | 3,906,418.58 | 836,253.00   | 724,647.08                             | 709,958.96    | 12,065,256.86   |
|    | 3,866,991.69 | 938,510.00   | 677,510.35                             | 402,211.78    | 11,288,297.05   |
|    | 4,135,221.28 | 1,037,526.00   | 420,249.29                             | 269,860.59    | 11,829,740.96   |
|    | 5,644,884.30 |  | 302,319.06                             | 676,290.37    | 14,157,502.62   |
|    | 4,339,746.67 |  | 256,562.02                             | 1,184,987.50  | 14,106,054.58   |

**CITY OF LAPEER, MICHIGAN**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

| FISCAL<br>YEAR | GENERAL<br>GOVERNMENT | PUBLIC<br>SAFETY | PUBLIC<br>WORKS | COMMUNITY<br>DEVELOPMENT<br>AND<br>ENRICHMENT | HIGHWAYS<br>AND<br>STREETS |
|----------------|-----------------------|------------------|-----------------|---|----------------------------|
| 1995           | \$ 924.00             | \$ 1,130.00      | \$ 2,597.00     | \$ 1,365.00                                   | \$ 1,151.00                |
| 1996           | 925.00                | 1,251.00         | 630.00          | 1,622.00                                      | 1,298.00                   |
| 1997           | 984.00                | 1,332.00         | 614.00          | 2,573.00                                      | 1,197.00                   |
| 1998           | 1,030.00              | 1,509.00         | 662.00          | 2,250.00                                      | 2,392.00                   |
| 1999           | 1,154.00              | 1,558.00         | 609.00          | 881.00  | 3,515.00                   |
| 2000           | 1,183.00              | 1,707.00         | 640.00          | 1,906.00                                      | 1,153.00                   |
| 2001           | 1,225.00              | 1,803.00         | 694.00          | 1,726.00                                      | 1,492.00                   |
| 2002           | 1,249.00              | 1,938.00         | 722.00          | 1,714.00                                      | 1,588.00                   |
| 2003           | 1,387.00              | 2,229.00         | 788.00          | 1,062.00                                      | 1,961.00                   |
| 2004           | 1,321.00              | 2,225.00         | 735.00          | 767.00  | 2,072.00                   |

(1) Includes general, special revenue, and debt service funds



| CULTURE<br>AND<br>RECREATION | CAPITAL<br>OUTLAY | OTHER     | DEBT<br>SERVICE | TOTAL       |
|------------------------------|-------------------|-----------|-----------------|-------------|
| \$ 488.00                    | \$ 216.00         | \$ 257.00 | \$ 1,233.00     | \$ 9,361.00 |
| 1,276.00                     | 104.00            | 459.00    | 1,370.00        | 8,935.00    |
| 1,065.00                     | 397.00            | 428.00    | 1,390.00        | 9,980.00    |
| 1,081.00                     | 218.00            | 521.00    | 1,345.00        | 11,008.00   |
| 1,218.00                     | 574.00            | 491.00    | 1,651.00        | 11,651.00   |
| 1,284.00                     | 1,714.00          | 532.00    | 1,896.00        | 12,015.00   |
| 1,348.00                     | 1,031.00          | 637.00    | 1,756.00        | 11,712.00   |
| 1,506.00                     | 1,466.00          | 664.00    | 1,926.00        | 12,773.00   |
| 1,562.00                     | 682.00            | 264.00    | 3,312.00        | 13,247.00   |
| 1,796.00                     | 401.00            | 183.00    | 1,482.00        | 10,982.00   |

**CITY OF LAPEER, MICHIGAN**  
**GENERAL GOVERNMENT REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | TAXES           | LICENSES<br>AND<br>PERMITS | INTER-<br>GOVERNMENTAL | CHARGES FOR<br>SERVICES |
|----------------|-----------------|----------------------------|------------------------|-------------------------|
| 1995           | \$ 3,417,900.14 | \$ 5,747.50                | \$ 1,338,993.78        | \$ 534,329.37           |
| 1996           | 3,791,496.44    | 5,524.00                   | 1,624,730.58           | 1,151,348.58            |
| 1997           | 4,120,764.07    | 6,082.00                   | 1,923,286.98           | 1,312,650.21            |
| 1998           | 4,252,265.58    | 6,302.40                   | 1,620,443.00           | 1,414,292.37            |
| 1999           | 4,479,579.95    | 1,997.50                   | 1,606,061.79           | 1,492,882.91            |
| 2000           | 4,742,843.09    | 7,088.00                   | 1,754,530.15           | 1,617,326.90            |
| 2001           | 4,757,038.89    | 7,750.00                   | 2,100,497.38           | 1,652,916.14            |
| 2002           | 5,103,654.63    | 4,821.00                   | 2,149,964.29           | 1,585,075.28            |
| 2003           | 4,180,289.78    | 7,062.00                   | 1,892,186.34           | 1,769,823.18            |
| 2004           | 4,293,785.48    | 4,188.00                   | 1,975,778.06           | 1,807,287.40            |

| FINES AND<br>FORFEITS | INVESTMENT<br>EARNINGS | SPECIAL<br>ASSESSMENTS | MISCELLANEOUS | TOTAL           |
|-----------------------|------------------------|------------------------|---------------|-----------------|
| \$ 68,186.26          | \$ 491,325.54          | \$ 319,051.89          | \$ 876,215.39 | \$ 7,051,749.87 |
| 72,451.09             | 516,258.16             | 310,878.47             | 1,013,632.34  | 8,486,319.66    |
| 67,104.36             | 633,438.02             | 581,753.97             | 571,889.42    | 9,216,969.03    |
| 73,440.65             | 761,951.81             | 793,588.56             | 259,166.10    | 9,181,450.47    |
| 57,390.98             | 676,086.70             | 574,991.15             | 366,778.68    | 9,255,769.66    |
| 78,589.06             | 707,001.81             | 480,612.61             | 850,558.52    | 10,238,550.14   |
| 72,464.39             | 751,789.39             | 361,293.38             | 433,087.63    | 10,136,837.20   |
| 54,824.44             | 488,639.60             | 437,577.43             | 208,664.33    | 10,033,221.00   |
| 65,583.71             | 352,246.23             | 379,294.78             | 929,668.39    | 9,576,154.41    |
| 63,256.68             | 280,621.19             | 466,584.21             | 603,578.90    | 9,495,079.92    |

**CITY OF LAPEER, MICHIGAN**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | PROPERTY<br>TAX | INCOME<br>TAX   | PENALTIES<br>AND<br>INTEREST |
|----------------|-----------------|-----------------|------------------------------|
| 1995           | \$ 1,860,504.97 | \$ 1,532,246.67 | \$ 25,148.50                 |
| 1996           | 2,088,466.97    | 1,675,174.93    | 27,854.54                    |
| 1997           | 2,365,368.52    | 1,727,595.44    | 27,800.11                    |
| 1998           | 2,424,980.66    | 1,805,213.96    | 22,070.96                    |
| 1999           | 2,498,589.78    | 1,937,153.41    | 43,836.76                    |
| 2000           | 2,603,521.16    | 2,105,049.74    | 34,272.19                    |
| 2001           | 2,746,998.00    | 1,968,185.84    | 41,855.05                    |
| 2002           | 2,922,311.98    | 2,100,527.45    | 80,815.20                    |
| 2003           | 2,082,519.29    | 2,050,821.81    | 46,948.68                    |
| 2004           | 2,073,110.88    | 2,164,035.74    | 56,638.86                    |

**CITY OF LAPEER, MICHIGAN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

| FISCAL<br>YEAR | TOTAL<br>TAX LEVY | CURRENT<br>TAX<br>COLLECTIONS | PERCENT<br>OF CURRENT<br>TAXES<br>COLLECTED |
|----------------|-------------------|-------------------------------|---|
| 1995           | 1,183,950.71      | 1,101,273.83                  | 93.02%                                      |
| 1996           | 1,221,166.66      | 1,144,544.05                  | 93.73%                                      |
| 1997           | 1,308,931.26      | 1,246,290.23                  | 95.21%                                      |
| 1998           | 1,390,002.31      | 1,323,999.21                  | 95.25%                                      |
| 1999           | 1,486,217.97      | 1,419,345.04                  | 95.50%                                      |
| 2000           | 1,570,156.97      | 1,511,416.84                  | 96.26%                                      |
| 2001           | 1,657,260.29      | 1,597,372.56                  | 96.39%                                      |
| 2002           | 1,752,035.65      | 1,687,335.87                  | 96.31%                                      |
| 2003           | 1,864,422.24      | 1,790,579.20                  | 96.04%                                      |
| 2004           | 1,862,425.89      | 1,757,712.64                  | 94.38%                                      |

| DELINQUENT<br>TAX<br>COLLECTIONS | TOTAL TAX<br>COLLECTIONS | RATIO OF<br>TOTAL TAX<br>COLLECTIONS<br>TO TOTAL<br>TAX LEVY | OUTSTANDING<br>DELINQUENT<br>TAXES | RATIO OF<br>DELINQUENT<br>TAXES TO<br>TOTAL<br>TAX LEVY |
|----------------------------------|--------------------------|--|------------------------------------|---|
| 81,869.85                        | 1,183,143.68             | 99.93%   | 807.03                             | 0.07%   |
| 75,746.77                        | 1,220,290.82             | 99.93%   | 875.84                             | 0.07%   |
| 56,547.06                        | 1,302,837.29             | 99.53%   | 6,093.97                           | 0.47%   |
| 65,797.45                        | 1,389,796.66             | 99.99%   | 205.65                             | 0.01%   |
| 66,121.41                        | 1,485,466.45             | 99.95%   | 751.52                             | 0.05%   |
| 58,582.76                        | 1,569,999.60             | 99.99%   | 157.37                             | 0.01%   |
| 59,448.62                        | 1,656,821.18             | 99.97%   | 439.11                             | 0.03%   |
| 64,699.78                        | 1,752,035.65             | 100.00%  |                                    |   |
| 62,675.12                        | 1,853,254.32             | 99.40%   | 11,167.92                          | 0.60%   |
| 82,361.32                        | 1,840,073.96             | 98.80%   | 22,351.93                          | 1.20%   |

**CITY OF LAPEER, MICHIGAN**  
**ASSESED AND ESTIMATED ACTUAL VALUE OF PROPERTY**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | REAL PROPERTY            |                         |                                 | PERSONAL<br>PROPERTY     |
|----------------|--------------------------|-------------------------|---------------------------------|--------------------------|
|                | (1)<br>ASSESSED<br>VALUE | (2)<br>TAXABLE<br>VALUE | ESTIMATED<br>TRUE CASH<br>VALUE | (1)<br>ASSESSED<br>VALUE |
| 1995           | 103,750,500.00           | 103,750,500.00          | 207,501,000.00                  | 20,498,700.00            |
| 1996           | 108,185,000.00           | 106,985,025.00          | 216,370,000.00                  | 20,662,000.00            |
| 1997           | 117,209,200.00           | 113,461,823.00          | 234,418,400.00                  | 23,926,900.00            |
| 1998           | 124,983,000.00           | 118,731,243.00          | 249,966,000.00                  | 27,955,300.00            |
| 1999           | 134,613,400.00           | 122,605,285.00          | 269,226,800.00                  | 32,742,800.00            |
| 2000           | 146,597,900.00           | 127,706,804.00          | 293,195,800.00                  | 36,904,400.00            |
| 2001           | 158,234,200.00           | 135,027,837.00          | 316,468,400.00                  | 38,330,700.00            |
| 2002           | 189,367,600.00           | 146,364,245.00          | 378,735,200.00                  | 37,796,900.00            |
| 2003           | 199,607,600.00           | 154,904,355.00          | 399,215,200.00                  | 41,817,300.00            |
| 2004           | 211,581,400.00           | 160,522,273.00          | 423,162,800.00                  | 38,886,900.00            |

- (1) Assessed Value is based on 50% of estimated true cash value  
(2) Taxable Value is legally authorized tax base

| PERSONAL<br>PROPERTY    |                                 | TOTAL             |                  |                                 | RATIO TO TOTAL<br>TAXABLE<br>VALUE TO TOTAL<br>ESTIMATED TRUE<br>CASH VALUE |
|-------------------------|---------------------------------|-------------------|------------------|---------------------------------|---|
| (2)<br>TAXABLE<br>VALUE | ESTIMATED<br>TRUE CASH<br>VALUE | ASSESSED<br>VALUE | TAXABLE<br>VALUE | ESTIMATED<br>TRUE CASH<br>VALUE |   |
| 20,498,700.00           | 40,997,400.00                   | 124,249,200.00    | 124,249,200.00   | 248,498,400.00                  | 50.00%  |
| 20,662,000.00           | 41,324,000.00                   | 128,847,000.00    | 127,647,025.00   | 257,694,000.00                  | 49.53%  |
| 23,926,900.00           | 47,853,800.00                   | 141,136,100.00    | 137,388,723.00   | 282,272,200.00                  | 48.67%  |
| 27,955,300.00           | 55,910,600.00                   | 152,938,300.00    | 146,686,543.00   | 305,876,600.00                  | 47.96%  |
| 32,742,800.00           | 65,485,600.00                   | 167,356,200.00    | 155,348,085.00   | 334,712,400.00                  | 46.41%  |
| 36,904,400.00           | 73,808,800.00                   | 183,502,300.00    | 164,611,204.00   | 367,004,600.00                  | 44.85%  |
| 38,330,700.00           | 76,661,400.00                   | 196,564,900.00    | 173,358,537.00   | 393,129,800.00                  | 44.10%  |
| 37,796,900.00           | 75,593,800.00                   | 227,164,500.00    | 184,161,145.00   | 454,329,000.00                  | 40.53%  |
| 41,817,300.00           | 83,634,600.00                   | 241,424,900.00    | 196,721,655.00   | 482,849,800.00                  | 40.74%  |
| 38,886,900.00           | 77,773,800.00                   | 250,468,300.00    | 199,409,173.00   | 500,936,600.00                  | 39.81%  |



CITY OF LAPEER, MICHIGAN  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

| FISCAL<br>YEAR | CITY OF LAPEER       |                                |                          | COUNTY OF LAPEER     |                    |                              |
|----------------|----------------------|--------------------------------|--------------------------|----------------------|--------------------|------------------------------|
|                | OPERATING<br>MILLAGE | INFRA-<br>STRUCTURE<br>MILLAGE | TOTAL<br>CITY<br>MILLAGE | OPERATING<br>MILLAGE | LIBRARY<br>MILLAGE | SENIOR<br>CITIZEN<br>MILLAGE |
| 1995           | 7.7911               | 1.0000                         | 8.7911                   | 4.1923               | 0.4609             | 0.1175                       |
| 1996           | 7.7911               | 1.0000                         | 8.7911                   | 4.1923               | 0.4609             | 0.1175                       |
| 1997           | 7.7911               | 1.0000                         | 8.7911                   | 4.1923               | 0.4609             | 0.1175                       |
| 1998           | 7.7911               | 1.0000                         | 8.7911                   | 4.0710               | 0.8860             | 0.1157                       |
| 1999           | 7.7911               | 1.0000                         | 8.7911                   | 4.0405               | 0.8732             | 0.1250                       |
| 2000           | 7.7911               | 1.0000                         | 8.7911                   | 4.0977               | 0.8797             | 0.1234                       |
| 2001           | 7.7911               | 1.0000                         | 8.7911                   | 4.0460               | 0.8686             | 0.1218                       |
| 2002           | 7.7911               | 1.0000                         | 8.7911                   | 3.9901               | 0.8566             | 0.1201                       |
| 2003           | 7.7911               | 1.0000                         | 8.7911                   | 3.9454               | 0.8470             | 0.1250                       |
| 2004           | 7.7911               | 1.0000                         | 8.7911                   | 3.8941               | 0.8359             | 0.1233                       |

| COUNTY OF LAPEER |                             |                            |
|------------------|-----------------------------|----------------------------|
| E-911<br>MILLAGE | SUNCREST<br>-MCF<br>MILLAGE | TOTAL<br>COUNTY<br>MILLAGE |
| 0.0000           | 0.0000                      | 4.7707                     |
| 0.0000           | 0.0000                      | 4.7707                     |
| 0.7500           | 0.0000                      | 5.5207                     |
| 0.7384           | 0.0000                      | 5.8111                     |
| 0.7277           | 0.8000                      | 6.5664                     |
| 0.7331           | 0.7900                      | 6.6239                     |
| 0.7238           | 0.7800                      | 6.5402                     |
| 0.0000           | 0.7692                      | 5.7360                     |
| 0.0000           | 0.7605                      | 5.6779                     |
| 0.0000           | 0.7506                      | 5.6039                     |

| LAPEER COMMUNITY SCHOOL |                 |                            |
|-------------------------|-----------------|----------------------------|
| OPERATING<br>MILLAGE    | DEBT<br>MILLAGE | TOTAL<br>SCHOOL<br>MILLAGE |
| 18.0000                 | 1.5000          | 19.5000                    |
| 18.0000                 | 1.1000          | 19.1000                    |
| 18.0000                 | 0.8500          | 18.8500                    |
| 18.0000                 | 0.7500          | 18.7500                    |
| 18.0000                 | 0.6500          | 18.6500                    |
| 17.8884                 | 0.6000          | 18.4884                    |
| 17.8079                 | 0.6000          | 18.4079                    |
| 17.6280                 | 0.3750          | 18.0030                    |
| 18.0000                 | 0.0000          | 18.0000                    |
| 18.0000                 | 2.2500          | 20.2500                    |

**CITY OF LAPEER, MICHIGAN**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS - Concluded**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | LAPEER INTERMEDIATE SCHOOL |                                 |                                    |                            | STATE OF MICHIGAN             |                           | TOTAL   |
|----------------|----------------------------|---------------------------------|------------------------------------|----------------------------|-------------------------------|---------------------------|---------|
|                | OPERATING<br>MILLAGE       | SPECIAL<br>EDUCATION<br>MILLAGE | VOCATIONAL<br>EDUCATION<br>MILLAGE | TOTAL<br>SCHOOL<br>MILLAGE | STATE<br>EDUCATION<br>MILLAGE | TOTAL<br>STATE<br>MILLAGE |         |
| 1995           | 0.2060                     | 0.9154                          | 2.1054                             | 3.2268                     | 6.0000                        | 6.0000                    | 42.2886 |
| 1996           | 0.2060                     | 0.9154                          | 2.1054                             | 3.2268                     | 6.0000                        | 6.0000                    | 41.8886 |
| 1997           | 0.2060                     | 0.9154                          | 2.1054                             | 3.2268                     | 6.0000                        | 6.0000                    | 42.3886 |
| 1998           | 0.2057                     | 0.9141                          | 2.1025                             | 3.2223                     | 6.0000                        | 6.0000                    | 42.5745 |
| 1999           | 0.2041                     | 0.9072                          | 2.0865                             | 3.1978                     | 6.0000                        | 6.0000                    | 43.2053 |
| 2000           | 0.2017                     | 0.8966                          | 2.0622                             | 3.1605                     | 6.0000                        | 6.0000                    | 43.0639 |
| 2001           | 0.1990                     | 0.8848                          | 2.0351                             | 3.1189                     | 6.0000                        | 6.0000                    | 42.8581 |
| 2002           | 0.1963                     | 0.8730                          | 2.0080                             | 3.0773                     | 6.0000                        | 6.0000                    | 41.6074 |
| 2003           | 0.1943                     | 0.8643                          | 1.9881                             | 3.0467                     | 6.0000                        | 6.0000                    | 41.5157 |
| 2004           | 0.1918                     | 0.8534                          | 1.9632                             | 3.0084                     | 5.0000                        | 5.0000                    | 42.6534 |

# CITY OF LAPEER, MICHIGAN

## PRINCIPAL TAXPAYERS

JUNE 30, 2004

| TAXPAYER                       | TYPE OF BUSINESS   | 2003<br>TAXABLE<br>VALUATION | PERCENTAGE<br>OF TOTAL<br>TAXABLE<br>VALUE |
|--------------------------------|--|------------------------------|--|
| Detroit Edison Company         | Electric utility   | \$ 6,402,300.00              | 2.82%                                      |
| Lemforder ZF Corporation       | Machine automotive and industrial metal products         | 5,366,400.00                 | 2.36%                                      |
| Carlisle Engineered Products   | Injection and blow-molded plastic automotive parts       | 4,938,300.00                 | 2.17%                                      |
| H & H Tools, Inc.              | Manufacture of transmission, hydraulic, and AC parts     | 4,646,500.00                 | 2.05%                                      |
| Meijer, Inc.                   | Retail store   | 4,468,000.00                 | 1.97%                                      |
| Dott Industries, Inc.          | Chrome plating   | 3,889,600.00                 | 1.71%                                      |
| Rolling Hills Apartments, Inc. | Apartments   | 3,577,612.00                 | 1.58%                                      |
| Lapeer Associates LLC          | Rental management-commercial                             | 3,153,791.00                 | 1.39%                                      |
| Mold Masters Company           | Plastic injection molding & flocking of automotive parts | 2,732,100.00                 | 1.20%                                      |
| Urgent Design & Manufacturing  | Rapid Prototype design, fabrication, and manufacturing   | 2,689,100.00                 | 1.18%                                      |

**CITY OF LAPEER, MICHIGAN**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR<br>JUNE 30, | SPECIAL<br>ASSESSMENT<br>BILLINGS | SPECIAL<br>ASSESSMENT<br>COLLECTED |
|----------------------------|-----------------------------------|------------------------------------|
| 1995                       | \$ 232,580.96                     | \$ 336,852.94                      |
| 1996                       | 257,316.17                        | 481,566.44                         |
| 1997                       | 265,814.06                        | 516,723.51                         |
| 1998                       | 425,107.12                        | 625,525.13                         |
| 1999                       | 466,184.22                        | 626,281.73                         |
| 2000                       | 392,797.62                        | 479,255.23                         |
| 2001                       | 397,705.01                        | 503,998.12                         |
| 2002                       | 399,135.81                        | 457,709.55                         |
| 2003                       | 272,564.09                        | 369,259.01                         |
| 2004                       | 311,314.81                        | 466,584.21                         |

**CITY OF LAPEER, MICHIGAN**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2004**

|  |                   |                                |
|--|-------------------|--------------------------------|
| Assessed valuations:                                 |                   |                                |
| Advolorum Assessed Value                             |                   | \$ 250,468,300.00              |
| Industrial Facilities Tax Assessed Value             |                   | <u>27,660,800.00</u>           |
| Total Assessed Value                                 |                   | 278,129,100.00                 |
| Legal debt margin                                    |                   | 27,812,910.00                  |
| Debt limitation - 10 percent of total assessed value |                   |                                |
| Debt applicable to limitation:                       |                   |                                |
| Total bonded debt                                    | 11,466,328.00     |                                |
| Less: Special assessment bonds                       | 1,895,000.00      |                                |
| Revenue bonds  | 4,255,000.00      |                                |
| Transportation bonds                                 | 20,000.00         |                                |
| Equipment financing contracts                        | 426,328.00        |                                |
| Amount available for repayment                       |                   |                                |
| of general obligation bonds                          | <u>114,612.00</u> | <u>4,755,388.00</u>            |
| Total debt applicable to limitation                  |                   | \$ <u><u>23,057,522.00</u></u> |
| Legal debt margin                                    |                   |                                |

**CITY OF LAPEER, MICHIGAN**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT**  
**TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | (1)<br>POPULATION | (2)<br>ASSESSED<br>VALUE | (3)<br>GROSS<br>BONDED<br>DEBT |
|----------------|-------------------|--------------------------|--------------------------------|
| 1995           | 8,074             | \$ 124,249,200.00        | \$ 5,561,561.88                |
| 1996           | 8,067             | 128,847,000.00           | 5,174,382.91                   |
| 1997           | 7,989             | 141,136,100.00           | 4,729,236.98                   |
| 1998           | 7,988             | 152,938,300.00           | 5,543,015.02                   |
| 1999           | 7,982             | 167,356,200.00           | 6,754,389.30                   |
| 2000           | 9,072             | 183,502,300.00           | 5,874,506.36                   |
| 2001           | 9,100             | 196,564,900.00           | 6,989,165.05                   |
| 2002           | 9,130             | 227,164,500.00           | 6,643,988.37                   |
| 2003           | 9,395             | 241,424,900.00           | 6,113,108.00                   |
| 2004           | 9,395             | 250,468,300.00           | 5,717,328.42                   |

(1) Annual government census

(2) From the Assessed and Estimated Actual Value of Property table in this section

(3) Amount does not include special assessment bonds and revenue bonds

(4) Amount available for repayment of general obligation bonds

(5) These amounts are the general obligation bonds that are being repaid by the Water and Sewer Funds

| (4)<br>LESS DEBT<br>SERVICE FUND | (5)<br>DEBT<br>PAYABLE FROM<br>ENTERPRISES<br>REVENUES | NET<br>BONDED<br>DEBT | RATIO OF NET<br>BONDED<br>DEBT TO<br>ASSESSED<br>VALUE | NET BONDED<br>DEBT PER<br>CAPITA |
|----------------------------------|--|-----------------------|--|----------------------------------|
| \$ 248,727.62                    | \$ 2,535,000.00  | \$ 2,777,834.26       | 2.24%  | \$ 344.05                        |
| 220,796.97                       | 2,275,000.00   | 2,678,585.94          | 2.08%  | 332.04                           |
| 220,086.92                       | 1,995,000.00   | 2,514,150.06          | 1.78%  | 314.70                           |
| 142,016.49                       | 1,695,000.00   | 3,705,998.53          | 2.42%  | 463.95                           |
| 140,312.08                       | 2,125,769.74   | 4,488,307.48          | 2.68%  | 562.30                           |
| 122,341.35                       | 1,766,633.19   | 3,985,531.82          | 2.17%  | 439.32                           |
| 95,768.99                        | 1,402,674.88   | 5,490,721.18          | 2.79%  | 603.38                           |
| 154,614.42                       | 1,056,130.49   | 5,433,243.46          | 2.39%  | 595.10                           |
| 118,341.95                       | 486,000.00   | 5,508,766.05          | 2.28%  | 586.35                           |
| 114,612.42                       | 453,000.00   | 5,149,716.00          | 2.06%  | 548.13                           |



**CITY OF LAPEER, MICHIGAN**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT**  
**TO TOTAL GENERAL GOVERNMENT EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

| FISCAL<br>YEAR | PRINCIPAL | INTEREST  | TOTAL<br>DEBT<br>SERVICE | TOTAL<br>GENERAL<br>GOVERNMENTAL<br>EXPENDITURES | RATIO OF<br>DEBT SERVICE<br>TO GENERAL<br>GOVERNMENTAL<br>EXPENDITURES |
|----------------|-----------|-----------|--------------------------|--|--|
| 1995           | \$ 769.00 | \$ 464.00 | \$ 1,233.00              | \$ 9,361.00                                      | 13.17%   |
| 1996           | 896.00    | 474.00    | 1,370.00                 | 8,935.00   | 15.33%   |
| 1997           | 960.00    | 430.00    | 1,390.00                 | 9,980.00   | 13.93%   |
| 1998           | 973.00    | 372.00    | 1,345.00                 | 11,008.00  | 12.22%   |
| 1999           | 1,160.00  | 491.00    | 1,651.00                 | 11,651.00  | 14.17%   |
| 2000           | 1,397.00  | 499.00    | 1,896.00                 | 12,015.00  | 15.78%   |
| 2001           | 1,325.00  | 431.00    | 1,756.00                 | 11,712.00  | 14.99%   |
| 2002           | 1,479.00  | 447.00    | 1,926.00                 | 12,773.00  | 15.08%   |
| 2003           | 2,884.00  | 428.00    | 3,312.00                 | 13,247.00  | 25.00%   |
| 2004           | 1,153.00  | 329.00    | 1,482.00                 | 10,982.00  | 13.49%   |

**CITY OF LAPEER, MICHIGAN**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**GENERAL OBLIGATION BONDS**  
**JUNE 30, 2004**

| JURISDICTION                | NET GENERAL<br>OBLIGATION<br>BONDED DEBT<br>OUTSTANDING | PERCENTAGE<br>APPLICABLE<br>TO<br>GOVERNMENT | AMOUNT<br>APPLICABLE<br>TO<br>GOVERNMENT |
|-----------------------------|---|--|--|
| Direct:                     |   |  |  |
| City of Lapeer              | \$ 5,495,342.74 (1)                                     | 100.00%                                      | \$ 5,495,342.74                          |
| Overlapping:                |   |  |  |
| Lapeer County               | 6,013,673.00  | 8.03%  | 482,896.00                               |
| Lapeer Community Schools    |   | 16.77%                                       |  |
| Lapeer Intermediate Schools | <u>1,270,000.00</u>                                     | 9.01%  | <u>114,427.00</u>                        |
| Total                       | \$ <u>12,779,015.74</u>                                 |  | \$ <u>6,092,665.74</u>                   |

(1) Excluding general obligation bonds reported in the enterprise funds and the amount available for repayment in the debt service fund

**CITY OF LAPEER, MICHIGAN**  
**REVENUE BOND COVERAGE**  
**SEWER REVENUE BONDS**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | (1)<br>GROSS<br>REVENUES | (2)<br>OPERATING<br>EXPENSES | NET REVENUE<br>AVAILABLE FOR<br>DEBT SERVICE |
|----------------|--------------------------|------------------------------|--|
| 1995           | \$ 912,205.78            | \$ 834,936.88                | \$ 77,268.90                                 |
| 1996           | 982,840.72               | 843,891.30                   | 138,949.42                                   |
| 1997           | 1,043,527.00             | 1,054,046.22                 | (10,519.22)                                  |
| 1998           | 1,008,902.31             | 986,431.30                   | 22,471.01                                    |
| 1999           | 1,318,147.96             | 1,087,808.09                 | 230,339.87                                   |
| 2000           | 969,490.39               | 1,084,889.90                 | (115,399.51)                                 |
| 2001           | 943,621.02               | 1,240,386.40                 | (296,765.38)                                 |
| 2002           | 970,868.28               | 1,209,574.36                 | (238,706.08)                                 |
| 2003           | 1,467,020.34             | 1,404,292.21                 | 62,728.13                                    |
| 2004           | 2,053,519.35             | 1,361,630.65                 | 691,888.70                                   |

- (1) Total revenues (including investment earnings) exclusive of tap fees, grants, and transfers in and adjusted for transfer to debt service fund for General Obligation Bond.
- (2) Total operating expenses exclusive of depreciation
- (3) Includes principal and interest of sewer revenue bonds only. It does not include the general obligation bonds paid by the Sewer Fund.

DEBT SERVICE REQUIREMENTS (3)

| PRINCIPAL    | INTEREST     | TOTAL        | COVERAGE |
|--------------|--------------|--------------|----------|
| \$ 10,000.00 | \$ 35,486.26 | \$ 45,486.26 | 1.70     |
| 10,000.00    | 34,861.26    | 44,861.26    | 3.10     |
| 15,000.00    | 34,216.26    | 49,216.26    | (0.21)   |
| 15,000.00    | 27,476.90    | 42,476.90    | 0.53     |
| 15,000.00    | 26,022.50    | 41,022.50    | 5.62     |
| 15,000.00    | 25,212.50    | 40,212.50    | (2.87)   |
| 20,000.00    | 24,382.50    | 44,382.50    | (6.69)   |
| 20,000.00    | 23,320.00    | 43,320.00    | (5.51)   |
| 20,000.00    | 22,232.50    | 42,232.50    | 1.49     |
| 25,000.00    | 21,120.00    | 46,120.00    | 15.00    |

**CITY OF LAPEER, MICHIGAN**  
**REVENUE BOND COVERAGE**  
**WATER REVENUE BONDS**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | (1)<br>GROSS<br>REVENUES | (2)<br>OPERATING<br>EXPENSES | NET REVENUE<br>AVAILABLE<br>DEBT SERVICE |
|----------------|--------------------------|------------------------------|--|
| 1995           | 955,114.48               | 854,203.64                   | 100,910.84                               |
| 1996           | 1,264,183.56             | 995,159.57                   | 269,023.99                               |
| 1997           | 1,234,619.85             | 955,682.94                   | 278,936.91                               |
| 1998           | 1,304,854.68             | 1,395,653.25                 | (90,798.57)                              |
| 1999           | 1,634,042.71             | 1,390,852.26                 | 243,190.45                               |
| 2000           | 1,290,460.69             | 1,292,351.30                 | (1,890.61)                               |
| 2001           | 1,325,958.93             | 1,448,129.61                 | (122,170.68)                             |
| 2002           | 1,703,287.58             | 1,523,473.05                 | 179,814.53                               |
| 2003           | 1,974,630.50             | 1,750,111.01                 | 224,519.49                               |
| 2004           | 2,137,428.61             | 1,761,119.89                 | 376,308.72                               |

- (1) Total revenues (including investment earnings) exclusive of tap fees, grants, and transfers in and adjusted for transfer to debt service fund for General Obligation Bond.
- (2) Total operating expenses exclusive of depreciation
- (3) Includes principal and interest of water revenue bonds only. It does not include the general obligation bonds paid by the Water Fund.

DEBT SERVICE REQUIREMENTS (3)

| PRICIPAL  | INTEREST  | TOTAL     | COVERAGE |
|-----------|-----------|-----------|----------|
| 15,000.00 | 21,457.50 | 36,457.50 | 2.77     |
| 20,000.00 | 20,467.50 | 40,467.50 | 6.65     |
| 20,000.00 | 19,127.50 | 39,127.50 | 7.13     |
| 20,000.00 | 14,690.83 | 34,690.83 | (2.62)   |
| 20,000.00 | 15,750.00 | 35,750.00 | 6.80     |
| 25,000.00 | 14,700.00 | 39,700.00 | (0.05)   |
| 25,000.00 | 8,410.00  | 33,410.00 | (3.66)   |
| 25,000.00 | 7,310.00  | 32,310.00 | 5.57     |
| 30,000.00 | 6,185.00  | 36,185.00 | 6.20     |
| 30,000.00 | 4,805.00  | 34,805.00 | 10.81    |

**CITY OF LAPEER, MICHIGAN**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

| FISCAL<br>YEAR | (1)<br>POPULATION | PER CAPITA<br>INCOME | MEDIAN<br>AGE | EDUCATION<br>LEVEL IN<br>YEARS OF<br>FORMAL<br>SCHOOLING | SCHOOL<br>ENROLLMENT | (2)<br>UNEMPLOYMENT<br>RATE |
|----------------|-------------------|----------------------|---------------|--|----------------------|-----------------------------|
| 1995           | 8074              | N/A                  | N/A           | N/A  | N/A                  | 7.0%                        |
| 1996           | 8067              | N/A                  | N/A           | N/A  | N/A                  | 5.8%                        |
| 1997           | 7989              | N/A                  | N/A           | N/A  | N/A                  | 4.7%                        |
| 1998           | 7988              | N/A                  | N/A           | N/A  | N/A                  | 6.1%                        |
| 1999           | 7982              | \$ 16,608            | 33.2          | 12.4   | 2,191                | 4.4%                        |
| 2000           | 9072              | N/A                  | N/A           | N/A  | N/A                  | 4.7%                        |
| 2001           | 9130              | N/A                  | N/A           | N/A  | N/A                  | 6.8%                        |
| 2002           | 9395              | N/A                  | N/A           | N/A  | N/A                  | 9.3%                        |
| 2003           | 9395              | N/A                  | N/A           | N/A  | N/A                  | 9.7%                        |
| 2004           | 9395              | N/A                  | N/A           | N/A  | N/A                  | 8.5%                        |

(1) Bureau of the Census

(2) Michigan Department of Development Employment Service Agency

# CITY OF LAPEER, MICHIGAN

## MISCELLANEOUS STATISTICS

JUNE 30, 2004

|  |                      |
|--|----------------------|
| Date of Incorporation                                | 1869                 |
| Form of Government                                   | Council/Manager      |
| Number of employees (excluding police and fire):     |                      |
| Classified   | 34                   |
| Exempt   | 145                  |
| Area in square miles                                 | 5.53                 |
| City of Lapeer facilities and services:              |                      |
| Miles of streets                                     | 36.8                 |
| Number of street lights                              | 1057                 |
| Culture and Recreation:                              |                      |
| Community centers                                    | 1                    |
| Parks  | 15                   |
| Park acreage   | 193                  |
| Swimming pools                                       | 1                    |
| Tennis courts  | 6                    |
| Fire Protection:                                     |                      |
| Number of stations                                   | 1                    |
| Number of fire personnel and officers                | 36                   |
| Number of calls answered                             | 425                  |
| Number of inspections conducted                      | 280                  |
| Police Protection:                                   |                      |
| Number of stations                                   | 1                    |
| Number of police personnel and officers              | 22                   |
| Number of patrol units                               | 8                    |
| Number of law violations:                            |                      |
| Physical arrests                                     | 408                  |
| Traffic Violations                                   | 2,018                |
| Parking Violations                                   | 4,040                |
| Sewerage System:                                     |                      |
| Miles of sanitary sewers                             | 29.3                 |
| Miles of storm sewers                                | 12.6                 |
| Number of treatment plants                           | 1                    |
| Number of service connections                        | 3,157                |
| Daily average treatment in gallons                   | 1,500,000            |
| Maximum daily capacity of treatment plant in gallons | 2,800,000            |
| Water System:  |                      |
| Miles of water mains                                 | 50.83                |
| Number of service connections                        | 3,145                |
| Number of fire hydrants                              | 482                  |
| Daily average consumption in gallons                 | 1,466,545            |
| Maximum daily capacity of plant in gallons           | Detroit Water System |



**CITY OF LAPEER, MICHIGAN**

**MISCELLANEOUS STATISTICS**

**JUNE 30, 2004**

Facilities and services not included in the primary government:

Cable Television System:

|  |    |
|--|----|
| Miles of service                       | 70 |
| Number of satellite receiving stations | 0  |

Education:

|   |     |
|---|-----|
| Number of elementary schools            | 2   |
| Number of elementary school instructors | 32  |
| Number of secondary schools             | 2   |
| Number of secondary school instructions | 151 |

Facilities and services not included in the reporting entity:

Hospitals:

|                        |     |
|------------------------|-----|
| Number of hospitals    | 1   |
| Number of patient beds | 222 |

CONTINUING DISCLOSURE COMPLIANCE

TIFA BONDS

## TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

SEV AND CAPTURED AD VALOREM TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL

FISCAL YEARS ENDING AS OF JUNE 30

| ASSESSED<br>VALUE AS OF<br>DECEMBER 31 | YEAR OF STATE<br>EQUILIZATION<br>AND TAX LEVY | CITY'S FISCAL<br>YEAR ENDING<br>JUNE 30 | AD VALOREM<br>TAXABLE VALUE |                   | CAPTURED<br>AD VALOREM<br>TAXABLE VALUE |                   |
|--|---|---|-----------------------------|-------------------|---|-------------------|
|  |   |   | AMOUNT                      | PERCENT<br>CHANGE | AMOUNT                                  | PERCENT<br>CHANGE |
| 2002                                   | 2003  | 2004                                    | \$ 23,439,040.00            | -1.44%            | \$ 19,742,340.00                        | -1.71%            |
| 2001                                   | 2002  | 2003                                    | 23,781,736.00               | 9.61%             | 20,085,036.00                           | 11.59%            |
| 2000                                   | 2001  | 2002                                    | 21,696,450.00               | 3.94%             | 17,999,750.00                           | 4.79%             |
| 1999                                   | 2000  | 2001                                    | 20,874,336.00               | 19.21%            | 17,177,636.00                           | 24.36%            |
| 1998                                   | 1999  | 2000                                    | 17,509,826.00               | 6.28%             | 13,813,126.00                           | 8.10%             |
| 1997                                   | 1998  | 1999                                    | 16,475,379.00               | 14.22%            | 12,778,679.00                           | 19.11%            |
| 1996                                   | 1997  | 1998                                    | 14,424,776.00               | 15.16%            | 10,728,076.00                           | 21.50%            |
| 1995                                   | 1996  | 1997                                    | 12,526,190.00               | 4.67%             | 8,829,490.00                            | 6.75%             |
| 1994                                   | 1995  | 1996                                    | 11,967,813.00               | 5.76%             | 8,271,113.00                            | 8.55%             |
| 1993                                   | 1994  | 1995                                    | 11,316,500.00               | 4.98%             | 7,619,800.00                            | 7.57%             |

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL**  
**BY USE AND CLASS**  
**FISCAL YEARS ENDING AS OF JUNE 30**

| Use               | 2004          | 2003          | 2002          | 2001          | 2000          | 1999          |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Homestead (1)     |               |               |               |               |               |               |
| Residential \$    | 200,820.00    | \$ 206,156.00 | \$ 196,812.00 | \$ 165,422.00 | \$ 160,855.00 | \$ 149,711.00 |
| Non-Homestead     |               |               |               |               |               |               |
| Residential       | 160,618.00    | 20,146.00     | 18,898.00     | 36,127.00     | 35,137.00     | 59,884.00     |
| Commercial        | 2,587,673.00  | 3,103,002.00  | 2,179,910.00  | 2,027,386.00  | 1,601,499.00  | 1,550,835.00  |
| Industrial        | 16,793,229.00 | 16,755,732.00 | 15,604,130.00 | 14,948,701.00 | 12,015,635.00 | 11,018,249.00 |
| Class             |               |               |               |               |               |               |
| Real Property     | 9,220,540.00  | 8,647,736.00  | 7,781,550.00  | 7,681,059.00  | 6,292,751.00  | 5,905,904.00  |
| Personal Property | 10,521,800.00 | 11,437,300.00 | 10,218,200.00 | 9,496,577.00  | 7,520,375.00  | 6,872,775.00  |

- (1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURE TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL**  
**BY USE AND CLASS AS A PERCENT OF TOTAL**  
**FISCAL YEARS ENDING AS OF JUNE 30**

| USE               | 2004   | 2003   | 2002   | 2001   | 2000   |
|-------------------|--------|--------|--------|--------|--------|
| Homestead (1)     |        |        |        |        |        |
| Residential       | 1.02%  | 1.03%  | 1.09%  | 0.96%  | 1.16%  |
| Non-Homestead     |        |        |        |        |        |
| Residential       | 0.81%  | 0.10%  | 0.10%  | 0.21%  | 0.25%  |
| Commercial        | 13.11% | 15.45% | 12.12% | 11.81% | 11.59% |
| Industrial        | 85.06% | 83.42% | 86.69% | 87.02% | 87.00% |
| CLASS             |        |        |        |        |        |
| Real Property     | 46.70% | 43.06% | 43.23% | 44.72% | 45.56% |
| Personal Property | 53.30% | 56.94% | 56.77% | 55.28% | 54.44% |

- (1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

## TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

## TIFA DISTRICT #1

## EXPIRATION OF NEW INDUSTRIAL FACILITY TAX ABATEMENTS

FOR THE PERIOD ENDING JUNE 30, 2003

| EXPIRATION<br>DECEMBER 31 | CAPTURED<br>TAXABLE VALUE<br>OF INDUSTRIAL<br>FACILITY TAX<br>ABATEMENTS<br>(NEW PROPERTIES) |
|---------------------------|--|
| 2003                      | \$ 1,241,300.00  |
| 2004                      | 2,176,400.00   |
| 2005                      | 69,800.00  |
| 2006                      | 350,300.00   |
| 2007                      | 185,500.00   |
| 2008                      | 1,520,200.00   |
| 2009                      | 1,748,400.00   |
| 2010                      |  |
| 2011                      |  |
| 2012                      | <u>591,500.00</u>  |
| Total                     | \$ <u><u>7,883,400.00</u></u>  |

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS**  
**FISCAL YEARS ENDING JUNE 30**

| CLASS             | 2004                   | 2003                   | 2002                    | 2001                    | 2000                    |
|-------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Real Property     | \$ 2,542,500.00        | \$ 2,985,000.00        | \$ 3,916,500.00         | \$ 5,762,500.00         | \$ 7,134,500.00         |
| Personal Property | <u>5,340,900.00</u>    | <u>6,738,600.00</u>    | <u>7,793,800.00</u>     | <u>11,511,900.00</u>    | <u>12,498,900.00</u>    |
| TOTAL             | <u>\$ 7,883,400.00</u> | <u>\$ 9,723,600.00</u> | <u>\$ 11,710,300.00</u> | <u>\$ 17,274,400.00</u> | <u>\$ 19,633,400.00</u> |



**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS AS A PERCENT TOTAL**  
**FISCAL YEARS ENDING JUNE 30**

| CLASS             | 2004           | 2003           | 2002           | 2001           | 2000           |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Real Property     | 32.25%         | 30.70%         | 33.44%         | 33.36%         | 36.34%         |
| Personal Property | <u>67.75%</u>  | <u>69.30%</u>  | <u>66.56%</u>  | <u>66.64%</u>  | <u>63.66%</u>  |
| TOTAL             | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**PROPERTY TAX COLLECTIONS**  
**FISCAL YEAR ENDING JUNE 30**

| FISCAL<br>YEAR<br>ENDING<br>JUNE 30, | NET<br>CAPTURED<br>TAX LEVY | COLLECTIONS<br>TO MARCH 1<br>FOLLOWING<br>LEVY | PERCENT<br>COLLECTED | COLLECTIONS<br>TO JUNE 30<br>FOLLOWING<br>LEVY | PERCENT<br>COLLECTED |
|--------------------------------------|-----------------------------|--|----------------------|--|----------------------|
| 2004                                 | \$ 935,030.00               | \$ 875,732.00                                  | 93.66%               | \$ 934,740.00                                  | 99.97%               |
| 2003                                 | 960,383.00                  | 927,057.00                                     | 96.53%               | 958,487.00                                     | 99.80%               |
| 2002                                 | 907,071.00                  | 891,578.00                                     | 98.29%               | 907,071.00                                     | 100.00%              |
| 2001                                 | 887,821.00                  | 870,554.00                                     | 98.06%               | 873,327.00                                     | 98.37%               |
| 2000                                 | 798,919.00                  | 782,294.00                                     | 97.92%               | 798,911.00                                     | 100.00%              |
| 1999                                 | 752,953.00                  | 737,301.00                                     | 97.92%               | 752,953.00                                     | 100.00%              |
| 1998                                 | 800,562.00                  | 779,987.00                                     | 97.43%               | 800,562.00                                     | 100.00%              |
| 1997                                 | 752,534.00                  | 727,434.00                                     | 96.66%               | 752,534.00                                     | 100.00%              |
| 1996                                 | 722,308.00                  | 658,178.00                                     | 91.12%               | 722,308.00                                     | 100.00%              |
| 1995                                 | 683,238.00                  | 619,968.00                                     | 90.74%               | 679,579.00                                     | 99.46%               |

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURED PROPERTY TAX RATES IN THE TIFA DISTRICT #1**  
**FISCAL YEARS ENDING JUNE 30**

| JULY 1<br>LEVY | FISCAL<br>YEARS<br>ENDING<br>JUNE 30 | CITY<br>MILLAGE | LAPEER<br>PUBLIC<br>SCHOOLS<br>MILLAGE | LAPEER<br>INTERMEDIATE<br>SCHOOLS<br>MILLAGE | LAPEER<br>COUNTY<br>MILLAGE | STATE<br>MILLAGE |
|----------------|--------------------------------------|-----------------|--|--|-----------------------------|------------------|
| 2003           | 2004                                 | 8.7911          | 18.0000                                | 3.0084                                       | 3.8941                      | 5.0000           |
| 2002           | 2003                                 | 8.7911          | 18.0000                                | 3.0467                                       | 3.9454                      | 6.0000           |
| 2001           | 2002                                 | 8.7911          | 17.6280                                | 3.0773                                       | 3.9901                      | 6.0000           |
| 2000           | 2001                                 | 8.7911          | 17.8079                                | 3.1189                                       | 4.0460                      | 6.0000           |
| 1999           | 2000                                 | 8.7911          | 17.8884                                | 3.1605                                       | 4.0977                      | 6.0000           |
| 1998           | 1999                                 | 8.7911          | 18.0000                                | 3.1978                                       | 4.0405                      | 6.0000           |
| 1997           | 1998                                 | 8.7911          | 18.0000                                | 3.2223                                       | 4.0710                      | 6.0000           |
| 1996           | 1997                                 | 8.7911          | 18.0000                                | 3.2268                                       | 4.1920                      | 6.0000           |
| 1995           | 1996                                 | 8.7911          | 18.0000                                | 3.2268                                       | 4.1923                      | 6.0000           |
| 1994           | 1995                                 | 8.7911          | 18.0000                                | 3.2268                                       | 4.1923                      | 6.0000           |

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S AD VALOREM TAX ROLL**  
**FISCAL YEAR ENDING JUNE 30, 2004**

| TAXPAYER                     | PRODUCT OR SERVICE            | TAXABLE<br>VALUE | PERCENT<br>OF TAXABLE<br>VALUE |
|------------------------------|-------------------------------|------------------|--------------------------------|
| Carlisle Engineered Products | Plastic Auto Parts            | \$ 2,354,800.00  | 9.90%                          |
| Albar Industries             | Plastic Decorating & Auto     | 2,294,100.00     | 9.65%                          |
| Lapeer Metal Products        | Metal Stampings               | 2,196,400.00     | 9.24%                          |
| Metokote Corporation         | Plastic Auto Parts            | 2,115,700.00     | 8.90%                          |
| American Shower and Bath     | Bath Fixtures                 | 1,908,300.00     | 8.02%                          |
| Hunters Creek, MCH, LLC      | Mobile Home Park              | 1,849,672.00     | 7.78%                          |
| Dott Industries              | Chromeplating/Molding         | 1,847,800.00     | 7.77%                          |
| Lapeer Industries            | Metal Machining & Fabricating | 862,100.00       | 3.63%                          |
| ITW Foamseal                 | Foam Products                 | 718,600.00       | 3.02%                          |
| Banc One Leasing Corp        | Lcasing Company               | 568,100.00       | 2.39%                          |

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S IFT TAX ROLL**  
**FISCAL YEAR ENDING JUNE 30, 2004**

| TAXPAYER                     | PRODUCT OR SERVICE   | TAXABLE<br>VALUE | PERCENT<br>OF TAXABLE<br>VALUE |
|------------------------------|--|------------------|--------------------------------|
| Carlisle Engineered Products | Automotive Design  | \$ 2,583,500.00  | 22.06%                         |
| Dott Industries, Inc.        | Chromeplating/Molding  | 2,041,800.00     | 17.44%                         |
| American Shower and Bath     | Bath Fixtures  | 1,748,400.00     | 14.93%                         |
| Lapeer Industries, Inc.      | Metal Machining & Fabricating  | 626,400.00       | 5.35%                          |
| Testing Services Group, LLC  | Manufacture & Testing Fuel Sys.  | 591,500.00       | 5.05%                          |
| Micro Filtration, Inc.       | Filter Products  | 91,000.00        | 0.78%                          |
| Allsons, Inc.                | Custom Die Punches   | 90,300.00        | 0.77%                          |
| S.J. Chain & Wire Rope, Inc. | Chain, wire rope & fittings, hoists, chain,<br>special lifting fixture fabrication | 70,000.00        | 0.60%                          |
| P&P Manufacturing            | Pneumatic Parts & Air Tools  | 21,100.00        | 0.19%                          |
| Lesley Elizabeth             | Gourmet Food Production/Processing   | 18,400.00        | 0.16%                          |

## TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

## FIFTEEN LARGEST EMPLOYERS IN TIFA DISTRICT #1

FISCAL YEAR ENDING JUNE 30, 2004

| COMPANY                      | PRODUCT OR SERVICE   | APPROXIMATE<br>NUMBER OF<br>EMPLOYEES |
|------------------------------|--|---------------------------------------|
| Dott Industries/Deco Plate   | Automotive Industry  | 775                                   |
| Lapeer Metal Products        | Metal Stamping and assemblies                                      | 361                                   |
| Albar Industries, Inc.       | Automotive Decorating  | 256                                   |
| Carlisle Engineered Products | Automotive Design  | 210                                   |
| Metokote Corp.               | Electrostatic painting of small metal car parts                    | 170                                   |
| American Shower and Bath     | Vacuum Forming Bath Products                                       | 117                                   |
| Lapeer Industries, Inc.      | Machining and Fabrication of Metal                                 | 54                                    |
| Webco Press                  | Printing   | 44                                    |
| Testing Services Group       | Testing & Engineering of Fuel Systems                              | 32                                    |
| Foamseal, Inc.               | Foam products  | 29                                    |
| P & P Manufacturing          | Pneumatic Parts & Air Tools  | 25                                    |
| Leslie-Elizabeth             | Gourmet Food Production/Processing                                 | 22                                    |
| Motion Machine, Inc.         | Manufacturing of Industrial Machining and<br>Automotated Equipment | 21                                    |
| Blue Water Printing          | Printing   | 8                                     |

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**ELIGIBLE OBLIGATIONS, ELIGIBLE ADVANCES AND OTHER OBLIGATIONS**  
**SUPPORTED BY TAX INCREMENT REVENUES OF TIFA DISTRICT #1**  
**FISCAL YEAR ENDING JUNE 30, 2004**

| DESCRIPTION                                       | (1)<br>ELIGIBLE<br>OBLIGATIONS | (1)<br>ELIGIBLE<br>ADVANCES | (2)<br>OTHER<br>OBLIGATIONS |
|---|--------------------------------|-----------------------------|-----------------------------|
| 1998 TIFA Revenue Refunding Bond-Debt Service (3) | \$ 674,085.00                  | \$                          | \$                          |
| Soccer Field Land Purchase                        |                                |                             | 171,500.00                  |
| M-24/Demille Intersection Improvement             |                                |                             | 134,764.67                  |
| Community Center Operations                       |                                |                             | 112,542.00                  |
| Saginaw Street (S. Elm to South City Limits)      |                                |                             | 29,834.82                   |
| Community Center Equipment                        |                                |                             | 22,006.59                   |
| McCormick Street Extension Project                |                                |                             | 13,793.03                   |

(1) These obligations are eligible for the capture of Local School, Intermediate School, and State Education millages in an amount not to exceed the total of the eligible obligations. If Local School, Intermediate School, and State Education millages are insufficient, the TIFA district would then utilize the captured millages from the City and County millages. Once these obligations have been fully paid, the TIFA district will no longer capture Local School, Intermediate School, or State Education millages.

(2) These obligations are only funded from the capture of City and County millages.

(3) This obligation refunded the 1992 TIFA Revenue Bond. Bond proceeds less issuance cost together with other funds were deposited in an escrow fund ("TIFA Escrow Fund") held by First of America Bank, N.A., Birmingham, Michigan. ("Escrow Agent"), pursuant to an escrow agreement between the TIFA and the TIFA Escrow Agent ("TIFA Escrow Agreement") and used to purchase Government Obligations. The 1992 TIFA Revenue Bonds were called and defeased on June 1, 2002.

## TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

## LISTING OF IFT CERTIFICATES

2002 TAX YEAR

| CERTIFICATE | TAXPAYER                     | REAL            | PERSONAL        | TOTAL           | EXPIRES |
|-------------|------------------------------|-----------------|-----------------|-----------------|---------|
| 90-649      | Carlisle Engineered Products | \$              | \$ 100.00       | \$ 100.00       | 2003    |
| 91-253      | Dott Industries Inc          | 294,000.00      | 251,900.00      | 545,900.00      | 2003    |
| 91-351      | Micro Filtration Inc         | 91,000.00       |                 | 91,000.00       | 2003    |
| 91-352      | Carlisle Engineered Products |                 | 604,300.00      | 604,300.00      | 2003    |
| 92-298      | Dott Industries Inc          | 260,000.00      |                 | 260,000.00      | 2006    |
| 92-299      | Allsons Inc                  | 69,500.00       | 20,800.00       | 90,300.00       | 2006    |
| 93-123      | Lapeer Industries Inc        | 23,000.00       | 46,800.00       | 69,800.00       | 2005    |
| 95-075      | Lapeer Industries Inc        | 36,500.00       | 149,000.00      | 185,500.00      | 2007    |
| 95-221      | Dott Industries Inc          | 427,000.00      | 808,900.00      | 1,235,900.00    | 2008    |
| 96-010      | SJ Chain & Wire Rope, Inc    | 70,000.00       |                 | 70,000.00       | 2008    |
| 96-754      | American Shower & Bath       | 980,000.00      | 768,400.00      | 1,748,400.00    | 2009    |
| 97-448      | P & P Manufacturing          |                 | 22,100.00       | 22,100.00       | 2004    |
| 98-364      | Lapeer Industries Inc        |                 | 175,200.00      | 175,200.00      | 2004    |
| 98-365      | Carlisle Engineered Products |                 | 1,979,100.00    | 1,979,100.00    | 2004    |
| 99-126      | Millennium Teknik            | 291,500.00      | 300,000.00      | 591,500.00      | 2012    |
| 2002-091    | Lesley Elizabeth             |                 | 18,400.00       | 18,400.00       | 2008    |
| 2002-092    | Lapeer Industries Inc        |                 | 195,900.00      | 195,900.00      | 2008    |
|             | TOTAL                        | \$ 2,542,500.00 | \$ 5,340,900.00 | \$ 7,883,400.00 |         |



PRIMARY GOVERNMENT BONDS

**CITY OF LAPEER, MICHIGAN**  
**STATE EQUALIZED AND TAXABLE VALUATIONS**  
**AS OF JUNE 30, 2004**

| ASSESSED<br>VALUE<br>AS OF<br>DECEMBER 31 | YEAR OF<br>STATE<br>EQUALIZATION<br>AND TAX LEVY | CITY'S<br>FISCAL YEAR<br>ENDING<br>JUNE 30 | STATE<br>EQUILIZED<br>VALUATION | AD VALOREM<br>TAXABLE<br>VALUATION | TAXABLE<br>VALUE  |
|---|--|--|---------------------------------|------------------------------------|-------------------|
| 2002                                      | 2003   | 2004                                       | \$ 250,468,300.00               | \$ 199,409,173.00                  | \$ 227,069,973.00 |
| 2001                                      | 2002   | 2003                                       | 241,424,900.00                  | 196,721,655.00                     | 226,930,655.00    |
| 2000                                      | 2001   | 2002                                       | 227,164,500.00                  | 184,161,145.00                     | 212,247,645.00    |
| 1999                                      | 2000   | 2001                                       | 196,564,900.00                  | 173,358,537.00                     | 203,730,537.00    |
| 1998                                      | 1999   | 2000                                       | 183,502,300.00                  | 164,611,204.00                     | 193,246,804.00    |

**CITY OF LAPEER, MICHIGAN**  
**COMPONENTS OF SEV/TAXABLE VALUE**  
**AS OF JUNE 30, 2004**

|                     | 2003           | 2002           | 2001           | 2000           | 1999           |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| Real Property       |                |                |                |                |                |
| Agricultural        | \$             | \$             | \$             | \$             | \$             |
| Commercial          | 66,702,873.00  | 65,214,886.00  | 61,872,028.00  | 59,020,716.00  | 56,568,504.00  |
| Industrial          | 15,696,207.00  | 15,291,811.00  | 14,498,216.00  | 11,361,732.00  | 10,509,498.00  |
| Residential         | 78,123,193.00  | 74,397,658.00  | 69,994,001.00  | 64,645,389.00  | 60,628,802.00  |
| Real Dev.           |                |                |                |                |                |
| Total Real Prop.    | 160,522,273.00 | 154,904,355.00 | 146,364,245.00 | 135,027,837.00 | 127,706,804.00 |
| Personal Prop.      | 38,886,900.00  | 41,817,300.00  | 37,796,900.00  | 38,330,700.00  | 36,904,400.00  |
| Total Taxable Value | 199,409,173.00 | 196,721,655.00 | 184,161,145.00 | 173,358,537.00 | 164,611,204.00 |
| Real Property       | 80.50%         | 78.74%         | 79.48%         | 77.89%         | 77.58%         |
| Personal Prop.      | 19.50%         | 21.26%         | 20.52%         | 22.11%         | 22.42%         |

**CITY OF LAPEER, MICHIGAN**  
**CITY WIDE MILLAGES**  
**(PER \$1,000 OF TAXABLE VALUE)**  
**AS OF JUNE 30, 2004**

| TAXING UNIT                                    | 2003                     |                                 | 2002                     |                                 |
|--|--------------------------|---------------------------------|--------------------------|---------------------------------|
|  | HOMESTEAD<br>PROPERTIES  | NON-<br>HOMESTEAD<br>PROPERTIES | HOMESTEAD<br>PROPERTIES  | NON-<br>HOMESTEAD<br>PROPERTIES |
| <b>CITY OF LAPEER</b>                          |                          |                                 |                          |                                 |
| Operating                                      | \$ 7.7911                | \$ 7.7911                       | \$ 7.7911                | \$ 7.7911                       |
| Infrastructure                                 | 1.0000                   | 1.0000                          | 1.0000                   | 1.0000                          |
| <b>TOTAL CITY</b>                              | <b>8.7911</b>            | <b>8.7911</b>                   | <b>8.7911</b>            | <b>8.7911</b>                   |
| <b>COUNTY OF LAPEER</b>                        |                          |                                 |                          |                                 |
| Lapeer County Operations (A)                   | 3.8941                   | 3.8941                          | 3.9454                   | 3.9454                          |
| Library (V)                                    | 0.8359                   | 0.8359                          | 0.8470                   | 0.8470                          |
| Senior Citizens (V)                            | 0.1233                   | 0.1233                          | 0.1250                   | 0.1250                          |
| E-911 (V)                                      |                          |                                 |                          |                                 |
| Suncrest-MCF (V)                               | 0.7506                   | 0.7506                          | 0.7605                   | 0.7605                          |
| <b>TOTAL COUNTY</b>                            | <b>5.6039</b>            | <b>5.6039</b>                   | <b>5.6779</b>            | <b>5.6779</b>                   |
| <b>LAPEER INTERMEDIATE<br/>SCHOOL DISTRICT</b> |                          |                                 |                          |                                 |
| Intermed. District Operation (A)               | 0.1918                   | 0.1918                          | 0.1943                   | 0.1943                          |
| Special Education (V)                          | 0.8534                   | 0.8534                          | 0.8643                   | 0.8643                          |
| Vocational Education (V)                       | 1.9632                   | 1.9632                          | 1.9881                   | 1.9881                          |
| <b>TOTAL INTERMEDIATE<br/>SCHOOL DISTRICT</b>  | <b>3.0084</b>            | <b>3.0084</b>                   | <b>3.0467</b>            | <b>3.0467</b>                   |
| <b>LAPEER SCHOOL DISTRICT</b>                  |                          |                                 |                          |                                 |
| School Operating                               |                          | 18.0000                         |                          | 18.0000                         |
| School Debt                                    | 2.2500                   |                                 |                          |                                 |
| <b>TOTAL SCHOOL DISTRICT</b>                   | <b>2.2500</b>            | <b>18.0000</b>                  |                          | <b>18.0000</b>                  |
| State Education                                | <u>5.0000</u>            | <u>5.0000</u>                   | <u>6.0000</u>            | <u>6.0000</u>                   |
| <b>TOTAL</b>                                   | <b>\$ <u>24.6534</u></b> | <b>\$ <u>40.4034</u></b>        | <b>\$ <u>23.5157</u></b> | <b>\$ <u>41.5157</u></b>        |

Note: Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act 440, Public Acts of Michigan 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

| 2001                    |                                 | 2000                    |                                 | 1999                    |                                 |
|-------------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| HOMESTEAD<br>PROPERTIES | NON-<br>HOMESTEAD<br>PROPERTIES | HOMESTEAD<br>PROPERTIES | NON-<br>HOMESTEAD<br>PROPERTIES | HOMESTEAD<br>PROPERTIES | NON-<br>HOMESTEAD<br>PROPERTIES |
| \$ 7.7911               | \$ 7.7911                       | \$ 7.7911               | \$ 7.7911                       | \$ 7.7911               | \$ 7.7911                       |
| 1.0000                  | 1.0000                          | 1.0000                  | 1.0000                          | 1.0000                  | 1.0000                          |
| 8.7911                  | 8.7911                          | 8.7911                  | 8.7911                          | 8.7911                  | 8.7911                          |
| 3.9901                  | 3.9901                          | 4.0460                  | 4.0460                          | 4.0977                  | 4.0977                          |
| 0.8566                  | 0.8566                          | 0.8686                  | 0.8686                          | 0.8797                  | 0.8797                          |
| 0.1201                  | 0.1201                          | 0.1218                  | 0.1218                          | 0.1234                  | 0.1234                          |
|                         |                                 | 0.7238                  | 0.7238                          | 0.7331                  | 0.7331                          |
| 0.7692                  | 0.7692                          | 0.7800                  | 0.7800                          | 0.7900                  | 0.7900                          |
| 5.7360                  | 5.7360                          | 6.5402                  | 6.5402                          | 6.6239                  | 6.6239                          |
| 0.1963                  | 0.1963                          | 0.1990                  | 0.1990                          | 0.2017                  | 0.2017                          |
| 0.8730                  | 0.8730                          | 0.8848                  | 0.8848                          | 0.8966                  | 0.8966                          |
| 2.0080                  | 2.0080                          | 2.0351                  | 2.0351                          | 2.0622                  | 2.0622                          |
| 3.0773                  | 3.0773                          | 3.1189                  | 3.1189                          | 3.1605                  | 3.1605                          |
|                         | 17.6280                         |                         | 17.8079                         |                         | 17.8884                         |
| 0.3750                  | 0.3750                          | 0.6000                  | 0.6000                          | 0.6000                  | 0.6000                          |
| 0.3750                  | 18.0030                         | 0.6000                  | 18.4079                         | 0.6000                  | 18.4884                         |
| 6.0000                  | 6.0000                          | 6.0000                  | 6.0000                          | 6.0000                  | 6.0000                          |
| \$ <u>23.9794</u>       | \$ <u>41.6074</u>               | \$ <u>25.0502</u>       | \$ <u>42.8581</u>               | \$ <u>25.1755</u>       | \$ <u>43.0639</u>               |

**CITY OF LAPEER, MICHIGAN**  
**TABLE OF PROPERTY TAX COLLECTIONS**  
**AS OF JUNE 30, 2004**

| LEVIED<br>JULY 1 | FISCAL<br>YEAR<br>ENDED | AD VOLEREM<br>TAX LEVY | IFT/CFT<br>TAX LEVY | <u>COLLECTIONS TO<br/>MARCH 1 OF EACH YEAR</u> |            | <u>COLLECTIONS TO<br/>JUNE 30 OF EACH YEAR</u> |            |
|------------------|-------------------------|------------------------|---------------------|--|------------|--|------------|
|                  |                         |                        |                     | AMOUNT   | PERCENTAGE | AMOUNT   | PERCENTAGE |
| 2003             | 2004                    | \$ 1,752,769.84        | \$ 109,656.05       | \$ 1,757,712.64                                | 94.38%     | \$ 1,840,073.96                                | 98.80%     |
| 2002             | 2003                    | 1,729,493.85           | 134,928.39          | 1,790,579.20                                   | 96.04%     | 1,853,254.32                                   | 99.40%     |
| 2001             | 2002                    | 1,628,581.77           | 123,453.88          | 1,687,335.87                                   | 96.31%     | 1,752,035.65                                   | 100.00%    |
| 2000             | 2001                    | 1,523,759.05           | 133,501.24          | 1,597,372.56                                   | 96.39%     | 1,656,821.18                                   | 99.97%     |
| 1999             | 2000                    | 1,443,162.05           | 126,994.92          | 1,511,416.84                                   | 96.26%     | 1,569,999.60                                   | 99.99%     |

**CITY OF LAPEER, MICHIGAN**  
**10 YEAR HISTORY OF INCOME TAX REVENUE**  
**AS OF JUNE 30**

| FISCAL<br>YEAR | REVENUE<br>NET OF<br>REFUNDS | DOLLAR<br>INCREASE<br>FROM<br>PRIOR YEAR | PERCENT<br>AGE INCREASE<br>FROM<br>PRIOR YEAR |
|----------------|------------------------------|--|---|
| 2004           | \$ 2,164,035.74              | \$ 113,213.93                            | 5.52%   |
| 2003           | 2,050,821.81                 | (49,705.64)                              | -2.37%  |
| 2002           | 2,100,527.45                 | 132,341.61                               | 6.72%   |
| 2001           | 1,968,185.84                 | (136,863.90)                             | -6.50%  |
| 2000           | 2,105,049.74                 | 167,896.33                               | 8.67%   |
| 1999           | 1,937,153.41                 | 131,939.45                               | 7.31%   |
| 1998           | 1,805,213.96                 | 77,618.52                                | 4.49%   |
| 1997           | 1,727,595.44                 | 52,420.51                                | 3.13%   |
| 1996           | 1,675,174.93                 | 142,928.26                               | 9.33%   |
| 1995           | 1,532,246.67                 | 1,532,246.67                             | 13.31%  |

The tax rate is 1% of Taxable Income for Residents and 1/2% of Taxable Income for Non-Residents. A \$600 personal exemption is allowed for each exemption claimed. Determination of Taxable Income follows Federal Guidelines.

**CITY OF LAPEER, MICHIGAN**  
**GENERAL FUND REVENUES AND EXPENSES**  
**(FISCAL YEARS ENDING JUNE 30)**

|  | 2004            | 2003            | 2002            | 2001            | 2000            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues                               | \$ 6,140,492.44 | \$ 6,112,770.83 | \$ 5,985,152.86 | \$ 5,751,818.12 | \$ 5,660,240.68 |
| Expenses                               | 4,666,149.58    | 4,794,289.08    | 4,769,176.44    | 4,519,069.44    | 4,278,532.30    |
| Revenues Over<br>(Under) Expenses      | 1,474,342.86    | 1,318,481.75    | 1,215,976.42    | 1,232,748.68    | 1,381,708.38    |
| Operating Transfers<br>In (Out)        | (1,121,148.77)  | (1,480,717.53)  | (1,461,162.58)  | (1,382,069.20)  | (1,331,133.68)  |
| Prior Period Adjust.<br>Beginning Fund |                 | 6,159.82        |                 |                 |                 |
| Balance (July 1)                       | 1,177,655.25    | 1,333,731.21    | 1,578,917.37    | 1,728,237.89    | 1,677,663.19    |
| Ending Fund<br>Balance (June 30)       | 1,530,849.34    | 1,177,655.25    | 1,333,731.21    | 1,578,917.37    | 1,728,237.89    |



**CITY OF LAPEER, MICHIGAN**  
**DIRECT BONDED INDEBTEDNESS**  
**AS OF JUNE 30, 2004**

| CATEGORY OF INDEBTEDNESS                              | PRINCIPAL<br>AMOUNT<br>OUTSTANDING | LESS SELF<br>SUPPORTING<br>BONDS AND<br>THE REFUNDED<br>BONDS | NET DIRECT<br>DEBT |
|---|------------------------------------|---|--------------------|
| 1986 Water Revenue Bond                               | \$ 70,000.00                       | \$ 70,000.00  | \$                 |
| 1987 Sewer Revenue Bond                               | 305,000.00                         | 305,000.00  |                    |
| 1990 Michigan Transportation Bond                     | 20,000.00                          | 20,000.00   |                    |
| 1995 Special Assessment Bond                          | 100,000.00                         |   | 100,000.00         |
| 1995 General Obligation<br>Limited Tax Bond           | 15,000.00                          |   | 15,000.00          |
| 1996 Special Assessment Bond                          | 25,000.00                          |   | 25,000.00          |
| 1996 General Obligation<br>Limited Tax Bond           | 30,000.00                          |   | 30,000.00          |
| 1997 General Obligation<br>Limited Tax Bond           | 150,000.00                         |   | 150,000.00         |
| 1997 Special Assessment Bond                          | 165,000.00                         |   | 165,000.00         |
| 1998 General Obligation<br>Limited Tax Bond           | 55,000.00                          |   | 55,000.00          |
| 1998 Special Assessment Bond                          | 810,000.00                         |   | 810,000.00         |
| 1998 General Obligation<br>Limited Tax Bond, Series B | 80,000.00                          |   | 80,000.00          |
| 1998 Special Assessment Bond, Series B                | 55,000.00                          |   | 55,000.00          |
| 1998 TIF Revenue Refunding Bond                       | 3,880,000.00                       | 3,880,000.00  |                    |
| 1999 Building Authority Bond                          | 755,000.00                         |   | 755,000.00         |
| 2000 General Obligation<br>Limited Tax Bond           | 200,000.00                         |   | 200,000.00         |
| 2000 Special Assessment Bond                          | 50,000.00                          |   | 50,000.00          |
| 2001 Building Authority Bond                          | 1,440,000.00                       |   | 1,440,000.00       |
| 2001 General Obligation<br>Limited Tax Bond           | 235,000.00                         |   | 235,000.00         |
| 2001 Special Assessment Bond                          | 150,000.00                         |   | 150,000.00         |
| 2002 General Obligation<br>Limited Tax Bond           | 525,000.00                         |   | 525,000.00         |
| 2002 Special Assessment Bond                          | 335,000.00                         |   | 335,000.00         |
| 2002 Building Authority<br>Refunding Bond             | 1,160,000.00                       |   | 1,160,000.00       |
| 2002 Equipment Financing Contract                     | 103,299.00                         |   | 103,299.00         |
| 2002A Equipment Financing Contract                    | 51,358.00                          |   | 51,358.00          |
| 2003 General Obligation<br>Limited Tax Bond           | 225,000.00                         |   | 225,000.00         |
| 2003 Special Assessment Bond                          | 205,000.00                         |   | 205,000.00         |
| 2003 Equipment Financing Contract                     | 216,671.00                         |   | 216,671.00         |
| 2003A Equipment Financing Contract                    | 30,000.00                          |   | 30,000.00          |
| 2004 Equipment Financing Contract                     | 25,000.00                          |   | 25,000.00          |
| Totals  | \$ 11,466,328.00                   | \$ 4,275,000.00   | \$ 7,191,328.00    |

(1) Funds have been escrowed from the 1998 TIF Revenue Refunding Bond to pay all remaining debt service on the 1992 TIF Revenue Bond. The Tax Increment Finance Authority #1 has no further obligation on this bond issue. The 1992 TIF Revenue Bonds were called and defeased on June 1, 2002.

**CITY OF LAPEER, MICHIGAN**

**DEBT STATEMENT**

AS OF JUNE 30, 2004

| CITY DIRECT DEBT                                  | PRINCIPAL<br>AMOUNT<br>OUTSTANDING | LESS SELF<br>SUPPORTING<br>BONDS AND<br>THE REFUNDED<br>BONDS | NET DIRECT<br>DEBT     | NET DEBT (1)       |                                    |
|---|------------------------------------|---|------------------------|--------------------|------------------------------------|
|   |                                    |   |                        | PER<br>CAPITA      | PERCENT OF<br>TAXABLE<br>VALUATION |
| General Obligation Bonds (LTGO)                   | \$ 1,941,328.00                    | \$  | \$ 1,941,328.00        |                    |                                    |
| Special Assessment Bonds (LTGO)                   | 1,895,000.00                       |   | 1,895,000.00           |                    |                                    |
| Building Authority Bonds (LTGO)                   | 3,355,000.00                       |   | 3,355,000.00           |                    |                                    |
| Michigan Transportation<br>Fund Bonds (LTGO)      | 20,000.00                          | 20,000.00   |                        |                    |                                    |
| Tax Increment Revenue Bonds                       | 3,880,000.00                       | 3,880,000.00  |                        |                    |                                    |
| Water Revenue Bonds                               | 70,000.00                          | 70,000.00   |                        |                    |                                    |
| Sewer Revenue Bonds                               | 305,000.00                         | 305,000.00  |                        |                    |                                    |
| <b>TOTAL DIRECT DEBT</b>                          | <b>\$ 11,466,328.00</b>            | <b>\$ 4,275,000.00</b>  | <b>\$ 7,191,328.00</b> | <b>\$ 792.69</b>   | <b>3.17%</b>                       |
|   |                                    |   |                        |                    |                                    |
| CITY OVERLAPPING DEBT                             | TOTAL<br>DEBT                      | CITY SHARE<br>AS PERCENT<br>OF TOTAL<br>DEBT                  | NET<br>CITY SHARE      | NET CITY SHARE (1) |                                    |
|   |                                    |   |                        | PER<br>CAPITA      | % of<br>Taxable<br>Valuation       |
| Lapeer School District                            | \$                                 | 16.77%  | \$                     |                    |                                    |
| County of Lapeer                                  | 6,013,673.00                       | 8.03%   | 482,898.00             |                    |                                    |
| Lapeer Intermediate School District               | 1,270,000.00                       | 9.01%   | 114,427.00             |                    |                                    |
| <b>TOTAL OVERLAPPING DEBT</b>                     | <b>7,283,673.00</b>                |   | <b>597,325.00</b>      | <b>65.84</b>       | <b>0.26%</b>                       |
| <b>TOTAL CITY DIRECT<br/>AND OVERLAPPING DEBT</b> | <b>\$ 18,750,001.00</b>            |   | <b>\$ 7,788,653.00</b> | <b>\$ 858.54</b>   | <b>3.43%</b>                       |

(1) Based upon the 2000 population of 9,072 and 2003 Taxable Valuation of \$227,069,973.00.

**CITY OF LAPEER, MICHIGAN**  
**GENERAL OBLIGATION DEBT LIMITATION**  
**AS OF JUNE 30, 2004**

| DESCRIPTION   | ASSESSED<br>VALUE       |
|---|-------------------------|
| 2003 Advolorum Assessed Value                           | \$ 250,468,300.00       |
| 2003 Ind. Facil. Assessed Value                         | <u>27,660,800.00</u>    |
| Total Assessed Value                                    | <u>278,129,100.00</u>   |
| Debt Limitation Factor                                  | <u>10.00%</u>           |
| Debt Limitation   | <u>27,812,910.00</u>    |
| Total Indebtedness as of June 30, 2003                  | 11,466,328.00           |
| <u>Debt Excluded from Debt Limitation</u>               |                         |
| 1986 Water Revenue Bond                                 | 70,000.00               |
| 1987 Sewer Revenue Bond                                 | 305,000.00              |
| 1990 Michigan Transportation Bond                       | 20,000.00               |
| 1994 Special Assessment Bond                            | 100,000.00              |
| 1995 Special Assessment Bond                            | 25,000.00               |
| 1996 Special Assessment Bond                            | 165,000.00              |
| 1997 Special Assessment Bond                            | 810,000.00              |
| 1998 Special Assessment Bond                            | 55,000.00               |
| 1998 Special Assessment Bond, Series B                  | 3,880,000.00            |
| 1998 TIF Revenue Refunding Bond                         | 50,000.00               |
| 2000 Special Assessment Bond                            | 150,000.00              |
| 2001 Special Assessment Bond                            | 335,000.00              |
| 2002 Special Assessment Bond                            | 205,000.00              |
| 2002 Equipment Financing Contract                       | 103,299.00              |
| 2002A Equipment Financing Contract                      | 51,358.00               |
| 2003 Equipment Financing Contract                       | 216,671.00              |
| 2003A Equipment Financing Contract                      | 30,000.00               |
| 2004 Equipment Financing Contract                       | <u>25,000.00</u>        |
| Total Excludable Debt                                   | <u>6,596,328.00</u>     |
| Net Indebtedness  | <u>4,870,000.00</u>     |
| Amount Under (Over) Debt Limitation                     | \$ <u>22,942,910.00</u> |
| Debt applicable to limit as a percent of Assessed Value | 1.75%                   |

**CITY OF LAPEER, MICHIGAN**  
**INDEBTEDNESS OUTSTANDING FOR THE LAST FIVE YEARS**  
**(EXCLUDING REVENUE BONDS)**

| FISCAL<br>YEAR | AMOUNT<br>OUTSTANDING* | DEBT PER<br>CAPITA** | PERCENT<br>DEBT<br>TO SEV | PERCENT<br>DEBT TO<br>ACTUAL<br>VALUATION |     |
|----------------|------------------------|----------------------|---------------------------|---|-----|
| 2003-2004      | \$ 8,168,846.55        | \$ 900.45            | 4.10%                     | 2.05%                                     | (1) |
| 2002-2003      | 8,846,213.34           | 975.11               | 4.50%                     | 2.25%                                     | (1) |
| 2001-2002      | 9,857,855.10           | 1,086.62             | 5.35%                     | 2.68%                                     | (1) |
| 2000-2001      | 10,065,114.93          | 1,109.47             | 5.81%                     | 2.90%                                     | (1) |
| 1999-2000      | 9,338,748.90           | 1,203.60             | 5.67%                     | 2.84%                                     |     |

\* Amount outstanding (including contracts payable and accumulated compensated absences)  
at the end of each fiscal year noted.

\*\* Calculated at a population level of 7,759.

(1) Calculated at a population level of 9,072.

**CITY OF LAPEER, MICHIGAN**  
**MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**

| ACTUARIAL         | TOTAL<br>ACCRUED<br>LIABILITIES | ACCRUED<br>ASSETS | UNFUNDED<br>ACCRUED<br>LIABILITIES | ASSETS<br>AS PERCENT<br>OF ACCRUED<br>LIABILITIES |
|-------------------|---------------------------------|-------------------|------------------------------------|---|
| December 31, 2002 | \$ 10,750,223.00                | \$ 8,871,460.00   | \$ 1,878,763.00                    | 83%   |
| December 31, 2001 | 9,712,841.00                    | 8,708,627.00      | 1,004,214.00                       | 90%   |
| December 31, 2000 | 9,012,219.00                    | 8,173,945.00      | 838,274.00                         | 91%   |
| December 31, 1999 | 7,833,044.00                    | 7,488,506.00      | 344,538.00                         | 96%   |
| December 31, 1998 | 7,149,292.00                    | 6,576,360.00      | 572,932.00                         | 92%   |
| December 31, 1997 | 6,715,201.00                    | 5,986,764.00      | 728,437.00                         | 89%   |
| December 31, 1996 | 6,020,003.00                    | 5,544,141.00      | 475,862.00                         | 92%   |
| December 31, 1995 | 5,576,200.00                    | 5,171,672.00      | 404,528.00                         | 93%   |
| December 31, 1994 | 5,056,723.00                    | 4,824,648.00      | 232,075.00                         | 95%   |
| December 31, 1993 | 4,666,311.00                    | 4,645,625.00      | 20,686.00                          | 100%  |

**CITY OF LAPEER, MICHIGAN**  
**HISTORY OF REVENUE SHARING PAYMENTS**

| FISCAL<br>YEAR END | REVENUE<br>SHARING<br>PAYMENT | INVENTORY<br>REIMBURSEMENT | TOTAL         |
|--------------------|-------------------------------|----------------------------|---------------|
| June 30, 2004      | \$ 862,709.00                 | \$                         | \$ 862,709.00 |
| June 30, 2003      | 889,506.00                    |                            | 889,506.00    |
| June 30, 2002      | 1,037,526.00                  |                            | 1,037,526.00  |
| June 30, 2001      | 938,510.00                    |                            | 938,510.00    |
| June 30, 2000      | 836,253.00                    |                            | 836,253.00    |
| June 30, 1999      | 791,618.00                    | 24,827.00                  | 816,445.00    |
| June 30, 1998      | 749,548.00                    | 24,827.00                  | 774,375.00    |
| June 30, 1997      | 726,495.00                    | 24,827.00                  | 751,322.00    |
| June 30, 1996      | 694,256.00                    | 24,827.00                  | 719,083.00    |
| June 30, 1995      | 665,121.00                    | 24,827.00                  | 689,948.00    |

# **CITY OF LAPEER, MICHIGAN**

## **TEN LARGEST TAXPAYERS**

| <b>TAXPAYER</b>                | <b>PRINCIPAL PRODUCT OR SERVICE</b>                      | <b>2003<br/>TAXABLE<br/>VALUATION</b> | <b>PERCENT<br/>OF 2003<br/>TAXABLE<br/>VALUATION</b> |
|--------------------------------|--|---------------------------------------|--|
| Detroit Edison Company         | Electric utility   | \$ 6,402,300.00                       | 2.82%  |
| Lemforder ZF Corporation       | Machine automotive and industrial metal products         | 5,366,400.00                          | 2.36%  |
| Carlisle Engineered Products   | Injection and blow-molded plastic automotive parts       | 4,938,300.00                          | 2.18%  |
| H & H Tools, Inc.              | Manufacture of transmission, hydraulic, and AC parts     | 4,646,500.00                          | 2.05%  |
| Meijer, Inc.                   | Retail store   | 4,468,000.00                          | 1.97%  |
| Dott Industries, Inc.          | Chrome plating   | 3,889,600.00                          | 1.71%  |
| Rolling Hills Apartments, Inc. | Apartments   | 3,577,612.00                          | 1.58%  |
| Lapeer Associates LLC          | Rental management-commercial                             | 3,153,735.00                          | 1.39%  |
| Mold Masters Company           | Plastic injection molding & flocking of automotive parts | 2,732,100.00                          | 1.20%  |
| Urgent Design & Manufacturing  | Rapid Prototype design, fabrication and manufacturing    | 2,689,100.00                          | 1.18%  |

**CITY OF LAPEER, MICHIGAN**  
**INDUSTRIAL FACILITIES TAX ROLL**  
**FOR THE 2003 TAX YEAR**

| YEAR OF<br>TRANSFER TO<br>AD VALOREM<br>TAX ROLL | I.F.T.<br>TAXABLE<br>VALUE     |
|--|--------------------------------|
| 2004   | \$ 1,314,000.00                |
| 2005   | 2,294,800.00                   |
| 2006   | 1,488,500.00                   |
| 2007   | 1,153,700.00                   |
| 2008   | 802,600.00                     |
| 2009   | 2,076,700.00                   |
| 2010   | 3,194,400.00                   |
| 2011   | 995,000.00                     |
| 2012   | 2,811,300.00                   |
| 2013   | 929,700.00                     |
| 2014   | <u>10,600,100.00</u>           |
| TOTAL  | \$ <u><u>27,660,800.00</u></u> |



**CITY OF LAPEER, MICHIGAN**  
**TWELVE LARGEST EMPLOYERS**

| COMPANY NAME                 | NUMBER OF<br>EMPLOYEES | PRINCIPAL PRODUCT OR SERVICE  |
|------------------------------|------------------------|-------------------------------|
| Lapeer Community Schools     | 790                    | Education                     |
| Lapeer Regional Hospital     | 780                    | Medical Services              |
| Dott Industries/Deco Plate   | 775                    | Automotive Industry           |
| Wal-Mart                     | 575                    | Retail Sales                  |
| Lapeer County                | 465                    | County Management             |
| Meijer                       | 425                    | Retail Sales                  |
| Lapeer Metal Stamping        | 361                    | Metal Stamping and Assemblies |
| Thumb Correctional Facility  | 350                    | Correctional Facility         |
| Albar Industries, Inc.       | 256                    | Automotive Decorating         |
| Carlisle Engineered Products | 210                    | Automotive Design             |
| ZF Lemforder Corp            | 143                    | Automotive Industry           |
| K-Mart                       | 90                     | Retail Sales                  |